

Official Statement

OAK PARK UNIFIED SCHOOL DISTRICT
VENTURA COUNTY, CALIFORNIA

\$3,025,000 PRINCIPAL AMOUNT

ELECTION OF 1977, SERIES A BONDS

(General Obligation Bonds)

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Bids to be received by the Clerk of the Board of Supervisors of Ventura County, County Government Center, 800 South Victoria Avenue, San Buenaventura, California 93009, at 9:00 A.M., Tuesday, April 18, 1978.

*[Stone & Youngberg, municipal financing consultants]
Ventura County -- Economic conditions
School bonds -- California -- Ventura co.*

OAK PARK UNIFIED SCHOOL DISTRICT
Ventura County, California

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PROFESSIONAL SERVICES

O'Melveny & Myers, Los Angeles

Bond Counsel

Stone & Youngberg Municipal Financing Consultants, Inc., San Francisco

Financing Consultants

THE DATE OF THIS OFFICIAL STATEMENT IS MARCH 29, 1978

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Oak Park Unified School District
165½ North Satinwood Avenue
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TO WHOM IT MAY CONCERN:

The purpose of this Official Statement is to supply information to prospective bidders on, and buyers of, \$3,025,000 principal amount of the Election of 1977, Series A Bonds proposed to be issued by the Oak Park Unified School District.

The material contained in this Official Statement was prepared by Stone & Youngberg Municipal Financing Consultants, Inc., in the capacity of financing consultants to the Oak Park Unified School District (which firm will receive compensation from the District contingent upon the sale and delivery of the Bonds).

This Official Statement is not to be construed as a contract with the purchasers of the Election of 1977 Series A Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact.

No dealer, broker, salesman or other person has been authorized by the District to give any information or to make any representations other than those contained herein and, if given or made, such other information or representation must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of any offer to buy nor shall there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make an offer, solicitation or sale.

The members of the Board of Education of the Oak Park Unified School District have reviewed this Official Statement and have determined that as of the date hereof the information contained herein is, to the best of their knowledge and belief, true and correct in all material respects and does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading. The Oak Park Unified School District will deliver to the purchaser of the Bonds a certificate as to the above, dated the date of Bond delivery and further certifying that the signatories know of no material adverse change in the condition of the District which would make it unreasonable for the purchaser of the Bonds to rely upon the Official Statement in connection with the resale of the Bonds, and authorizing the purchaser of the Bonds to distribute copies of the Official Statement in connection with the resale of the Bonds. 200 copies of the Official Statement will be supplied to the purchaser of the Bonds for this purpose.

The opinion of O'Melveny & Myers, Los Angeles, California, Bond Counsel to the District, will be furnished to the successful bidder (see the section entitled "Legal Opinion" herein). The scope of Bond Counsel's employment in connection with the review of this Official Statement has been limited to reviewing the statements of law and legal conclusions set forth herein under the sections titled "The Bonds", excepting the material under the heading "Estimated Debt Service."

March 29, 1978

DAN M. THOMPSON
Superintendent
OAK PARK UNIFIED SCHOOL DISTRICT

CONTENTS

Introduction	1	The District and Surrounding Area	21
The Improvement Program	2	Major Landowners	21
The Bonds	3	Rockwell International Field Laboratory ...	22
Authority for Issuance	3	Oak Park Community	22
Terms of Sale	3	Family Income	22
Description of the Bonds	3	Oak Park: Background and Proposed	
Interest	4	Development	22
Redemption Provisions	4	Community Center	24
Payment	4	Parks Program	25
Registration	4	Utilities	25
Legal Opinion	4	Developer Activity	26
Tax Exempt Status	4	Conejo Valley—Agoura Area	29
Legality for Investment	4	Population and Housing	29
Security	4	Employment	30
No Litigation	4	Commerce	32
Purpose of Issue	5	Building Permit Valuation	32
Tax Limitation Ballot Proposals	5	Transportation	32
Estimated Debt Service	8	Utilities	33
District Origin, Organization and Financial Data	10	Education	33
Origin	10	Community Facilities	34
Organization	10	Recreation	34
Facilities and Attendance	11	Ventura County	35
Assessed Valuations	12	County Government	35
Revenue Limitations	13	Population	36
Tax Rate	14	Personal Income	36
Major Taxpayers	15	Agriculture	36
Tax Levies, Collections and Delinquencies ..	15	Defense Installations	37
General Fund Income and Expenditures ...	16	Port Hueneme	37
Other Indebtedness	16	Major Taxpayers	37
Other Assets	16	Oil and Gas	37
Direct and Estimated Overlapping Bonded		Employers	37
Debt	17	Taxable Transactions	38
Employer-Employee Relations	19	Construction Activity	38
Pension Plans	19	Metropolitan Development Corporation	39
TABLES			
Table 1. Estimated Bond Service Require-		Table 7. Estimated Tax Rate by Purpose ..	14
ments	9	Table 8. Tax Code Area 84050—Tax Rate	
Table 2. Projected Construction and Pro-		per \$100 Assessed Valuation	14
posed Timetable for Implementa-		Table 9. Major Taxpayers,	
tion	11	Fiscal Year 1977/78	15
Table 3. Projected Housing and Student		Table 10. Secured Tax Levy and Estimated	
Population	12	Collections and Delinquencies ...	15
Table 4. 1977/78 Assessed Valuation	13	Table 11. Projected General Fund Income	
Table 5. Assessed Valuation by Tax Roll:		and Expenditures	16
1973/74-1977/78	13	Table 12. Statement of Direct and Estimated	
Table 6. Projected Revenue Limits	14	Overlapping Bonded Debt	18
APPENDICES			
Appendix A. Metropolitan Development		Appendix B. Metropolitan Development	
Corporation	39	Corporation Financial	
		Statements	63



The City of Oak Park is approximately 40 miles west of the City of Los Angeles via the Ventura Freeway (U.S. 101).

INTRODUCTION

The \$3,025,000 principal amount of the Election of 1977, Series A Bonds (the first series of a total authorization of \$40,525,000 which was approved by District voters on November 8, 1977) will be used to: remodel and construct additions to the Brookside Elementary School; construct Phase I of a high school; and prepare a site for a second elementary school. This construction and site development is the first phase of a total construction program consisting of 6 elementary schools, 2 middle schools and 1 high school. These facilities are anticipated to be completed by fiscal year 1987/88 and will become the core school facilities for the District which was established by District voters on May 31, 1977.

The Oak Park Unified School District encompasses approximately 28 square miles in southeastern Ventura County. The District is bounded on the east and south by Los Angeles County and on the west by the City of Thousand Oaks. The Community of Oak Park, approximately 40 miles west of Los Angeles, is reached by the Ventura Freeway (US 101).

Developed areas within the District include Rockwell International's Field Laboratory (1977/78 assessed valuation of \$14,318,096) and the community of Oak Park, a project of the Metropolitan Development Corporation. The total assessed valuation of the District is \$32,105,561.

The community of Oak Park covers 2,847 acres. At full development, the developer (Metropolitan Development Corporation) proposes to construct 6,517 residential units of which 750 have been built. At full development the community will have an estimated population of 18,000 (present population is estimated at 2,810). The District estimates the 1978/79 student enrollment at 1,246 with a 1990/91 student enrollment of 5,407.

The District has no taxing ability until fiscal year 1978/79 when it begins educating its first students. The 1977/78 assessed valuation of the District is \$32,105,561 and the current tax delinquency in fiscal year 1976/77 was 0.210%.

Upon delivery of the Election of 1977, Series A Bonds currently being offered for sale, the District's direct debt will be \$3,025,000 (the currently offered bonds) or 9.42% of assessed valuation and 2.36% of estimated real value. Net direct and estimated overlapping debt will be 20.74% and 5.20% of assessed valuation and estimated real value, respectively.

THE IMPROVEMENT PROGRAM

The Election of 1977, Series A Bonds currently being offered is the first series of a \$40,525,000 authorization approved by District voters on November 8, 1977. After the sale of the Series A Bonds, \$37,500,000 of the original authorization will remain unissued.

Under state law, local school districts in California may qualify for state apportionments from the School Building Aid Fund to assist in the acquisition of sites and the construction and furnishing of school facilities. In accordance with California Education Code Section 16058 no apportionment to a school district shall become final unless the total amount of outstanding bonds of the district exceeds 95 percent of the District's bonding capacity. Also, participation in this state loan program must be authorized by the local school district's electorate. On November 8, 1977 the District electorate also approved a state building aid participation in the amount of \$20,000,000.

The moneys from the current sale of bonds will be used to finance the construction of additions and remodeling at the Brookside School, site preparation for a second elementary school, and the first stage of construction for a high school. The District has filed a negative declaration with respect to each of the proposed school sites. A distribution of project costs to be financed from bond proceeds follows:

Project	Estimated Cost
<hr/>	
Remodeling and Additions to Brookside School	\$ 752,900
Site Development (second elementary school)	150,000
Phase I of high school	2,022,100
Contingency	100,000
	<hr/>
	\$3,025,000

The total proposed construction of facilities under the above described authorizations include: six elementary schools, including Brookside School, two middle schools and one high school. The construction schedule as outlined above will be coordinated with enrollment growth and is expected to be accomplished in fiscal year 1987/88.

THE BONDS

Authority for Issuance

The \$3,025,000 principal amount of Oak Park Unified School District, Election of 1977, Series A Bonds now being offered for sale are general obligations to be issued under provisions of Title 1, Division 1, Part 10, Chapter 2 of the State of California Education Code, and pursuant to a resolution of the Board of Supervisors of Ventura County adopted on March 21, 1978.

The bonds represent the first series of a total authorization of \$40,525,000 approved by district voters at an election on November 8, 1977. After the sale of the Election of 1977, Series A Bonds, \$37,500,000 of the \$40,525,000 will remain unissued.

Terms of Sale

Bids will be received by the Clerk of the Board of Supervisors of Ventura County at 9:00 A.M. on Tuesday, April 18, 1978 at the County Government Center, 800 South Victoria Avenue, San Buenaventura, California 93009. The bonds will be sold pursuant to the terms of sale contained in the Notice Inviting Bids dated March 21, 1978.

Description of the Bonds

The \$3,025,000 principal amount of Election of 1977, Series A Bonds will be dated May 15, 1978 and will be issued in denominations of \$5,000 each. The bonds will be numbered 1 through 605 inclusive and will be payable annually on May 15 of each year as shown in the following maturity schedule.

Maturity Date May 15	Principal Amount Maturing	Maturity Date May 15	Principal Amount Maturing
1979 ...	\$ 25,000	1992 ...	\$125,000
1980 ...	25,000	1993 ...	125,000
1981 ...	25,000	1994 ...	125,000
1982 ...	50,000	1995 ...	150,000
1983 ...	50,000	1996 ...	150,000
1984 ...	50,000	1997 ...	150,000
1985 ...	75,000	1998 ...	175,000
1986 ...	75,000	1999 ...	200,000
1987 ...	75,000	2000 ...	225,000
1988 ...	100,000	2001 ...	225,000
1989 ...	100,000	2002 ...	250,000
1990 ...	100,000	2003 ...	275,000
1991 ...	100,000		

Interest

Interest on the Bonds at a rate not to exceed eight percent (8%) per annum is payable for the first year on May 15, 1979 and semiannually thereafter on November 15 and May 15.

Redemption Provisions

Bonds maturing on or before May 15, 1998 are not subject to call or redemption prior to their fixed maturity dates. Bonds maturing on or after May 15, 1999, aggregate principal amount of \$1,175,000, are subject to call and redemption prior to their fixed maturity date, at the option of the District, as a whole or in part in inverse order of maturity and number, beginning with the highest numbered bond, on any interest payment date on and after May 15, 1993 at the following redemption price: the principal amount of the bonds so called for redemption and accrued interest thereon to date of redemption plus a premium of (a) one-quarter of one percent of such principal amount plus (b) one-quarter of one percent of such principal amount for each year or portion of a year between the redemption date and the maturity date of the bonds so called for redemption.

Payment

Both principal and interest are payable at the Office of the Treasurer of Ventura County, State of California, or at the option of the bondholder at the main office of the paying agents of the district in Los Angeles, California, New York, New York, or Chicago, Illinois. The paying agent in Los Angeles shall be designated by the purchaser or, at his option, by the District, and the paying agents in New York, New York and Chicago, Illinois shall in turn be designated by the Los Angeles paying agent.

Registration

The bonds will be coupon bonds, registrable only as to both principal and interest.

Legal Opinion

The legal opinion of O'Melveny & Myers, bond counsel, attesting to the validity of the bonds, will be supplied to the original purchasers of the bonds without charge. A copy of such opinion certified by the County Treasurer, by his facsimile signature, will be printed on the back of each bond without cost to the successful bidder.

The statements of law and legal conclusions set forth herein under the sections titled "The Bonds", excepting the material under the heading "Estimated Debt Service," have been reviewed by bond counsel. Bond counsel's employment is limited to a review of the legal proceedings required for authorization of the bonds and to rendering an opinion as to the validity of the bonds and the exemption of interest on the bonds from income taxation. The opinion of bond counsel will not consider or extend to any documents, agreements, representations, offering circulars, or other material of any kind concerning the bonds not mentioned in this paragraph.

Tax Exempt Status

In the opinion of bond counsel, interest on the bonds is exempt from all present Federal income taxes and from State of California personal income taxes under existing statutes, regulations, and court decisions.

Legality For Investment

The bonds are legal investments in California for all trust funds and for funds of all insurance companies, commercial and savings banks, trust companies, and for State school funds, and are eligible as security for deposits of public monies in California.

Security

The bonds are general obligations of the Oak Park Unified School District, and the Board of Supervisors of Ventura County has the power and is obligated to levy ad valorem taxes for payment of the bonds and the interest thereon upon all property within the District subject to taxation by the District (except certain personal property which is taxable at limited rates), without limitation as to rate or amount. (See the section entitled "Tax Limitation Ballot Proposals" on page 5.)

No Litigation

At the time of payment for and delivery of said Bonds, the successful bidder will be furnished with a certificate that there is no litigation pending affecting the validity of the Bonds.

In the case of *Serrano v. Priest*, Case No. L.A. 30398, the California Supreme Court on December 30, 1976, affirmed a Judgment of the Superior Court of Los Angeles County, entered September 3, 1974, declaring that California's system of financing

its public schools violates equal-protection-of-the-laws provisions of the California Constitution.

The affirmed Judgment of the Superior Court also provides: that the Judgment is not intended to invalidate, and shall not be construed as invalidating in any way, any past acts constituting the operation of the School Financing System; that the existing School Financing System shall continue to operate for a reasonable length of time so that a constitutional system can be designed, enacted into law, and placed into operation; that any redesign of the School Financing System which provides for the elimination of unconstitutional features on a gradual basis must be such that the redesigned School Financing System will be fully constitutional no later than six years from date of entry of the Judgment, and that otherwise there will be a denial to the plaintiffs of their constitutional rights for an unreasonable length of time; and that the Trial Court is retaining jurisdiction so that any of the parties may apply for appropriate relief in the event that relevant circumstances develop, such as a failure by the legislative and executive branches to take the necessary steps to design, enact into law, and place into operation, within a reasonable time from entry of the Judgment, a fully constitutional system. The legislature has enacted Chapter 894 as an urgency measure in September 1977 in part as a response to the *Serrano* case. The legislation does not affect the tax rates for debt service on outstanding or the currently offered bonds.

Purpose of Issue

Proceeds from the sale of \$3,025,000 principal amount of the Election of 1977, Series A Bonds will be used for authorized school purposes as described in greater detail in "The Improvement Program" section of this Official Statement.

Tax Limitation Ballot Proposals

Jarvis/Gann Initiative

A proposed initiative constitutional amendment to the California Constitution entitled "Property Tax Limitation Initiative Constitutional Amendment" will be submitted to the voters of the State of California at the June 6, 1978 statewide election (Proposition 13). The text of the initiative is as follows:

"Section 1.

(a) The maximum amount of any ad valorem

tax on real property shall not exceed One percent (1%) of the full cash value of such property. The one percent (1%) tax is to be collected by the counties and apportioned according to law to the districts within the counties.

(b) The limitation provided for in subdivision (a) shall not apply to ad valorem taxes or special assessments to pay the interest and redemption charges on any indebtedness approved by the voters prior to the time this section becomes effective.

Section 2.

(a) The full cash value means the County Assessors valuation of real property as shown on the 1975-76 tax bill under 'full cash value', or thereafter, the approved value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment. All real property not already assessed up to the 1975-76 tax levels may be reassessed to reflect that valuation.

(b) The fair market value base may reflect from year to year the inflationary rate not to exceed two percent (2%) for any given year or reduction as shown in the consumer price index or comparable data for the area under taxing jurisdiction.

Section 3.

From and after the effective date of this article, any changes in State taxes enacted for the purpose of increasing revenues collected pursuant thereto whether by increased rates or changes in methods of computation must be imposed by an Act passed by not less than two-thirds of all members elected to each of the two houses of the legislature, except that no new ad valorem taxes on real property, or sales or transaction taxes on the sales of real property may be imposed.

Section 4.

Cities, Counties and special districts, by a two-thirds vote of the qualified electors of such district, may impose special taxes on such district, except ad valorem taxes on real property or a transaction tax or sales tax on the sale of real property within such City, County or special district.

Section 5.

This article shall take effect for the tax year beginning on July 1 following the passage of this Amendment, except Section 3 which shall become effective upon the passage of this article.

Section 6.

If any action, part, clause, or phrase hereof is for any reason held to be invalid or unconstitutional, the remaining sections shall not be affected but will remain in full force and effect."

A summary of the Jarvis/Gann Initiative as prepared by the Office of the State Attorney General is as follows:

"PROPERTY TAX LIMITATION INITIATIVE CONSTITUTIONAL AMENDMENT. Limited ad valorem taxes on real property to 1% of the value except to pay indebtedness previously approved by voters. Establishes 1975-76 assessed valuation as base value of property for tax purposes. Limits annual increases in value. Provides for reassessment after sale, transfer, or construction. Requires $\frac{2}{3}$ vote of Legislature to enact any change in state taxes designed to increase revenues. Prohibits imposition by state of new ad valorem, sales, or transaction taxes on real property. Authorizes specified local entities to impose special taxes except ad valorem, sales and transaction taxes on real property. Financial Impact: Would result in the loss of local property tax revenues of \$7 billion to \$8 billion annually and a reduction in state costs of about \$700 million in 1978-79 and \$800 million annually thereafter."

On February 7, 1978, a suit seeking to remove the Jarvis/Gann Initiative from the June 6, 1978 ballot was filed in the Superior Court of the State of California for the County of Sacramento. On February 15, 1978, the Court refused to remove the initiative from the ballot, but did order certain modifications to the above quoted summary of the initiative prepared by the Attorney General relative to the description of the subject matter of the initiative in the heading of the summary. No prediction as to the outcome of this litigation can be made at this time. On March 2, 1978, the California Supreme Court refused to hear arguments by petitioners directed to the Supreme Court to expedite matters.

The District can neither predict whether or not the initiative will be approved by the voters nor whether or not the validity of the initiative will, if thereafter challenged, be upheld, in whole or in part, by the courts.

If approved by the voters, the measure could have an adverse impact on the expenses of operation of the District in that the future tax rate of the District could be reduced and future increases in assessed valuation could be substantially limited, thereby reducing the amount of tax revenues otherwise potentially available to the District to meet expenses of operation.

The Initiative provides that the limitation on ad valorem taxes or assessments on real property to 1% of value does not apply to ad valorem taxes or assessments to pay indebtedness previously approved by the voters. Accordingly, since the bonds were approved by the voters of the District on November 8, 1977, the District believes that if the Initiative is approved, it will not limit the District's ability to levy ad valorem assessments for the payment of the currently offered Bonds and the interest thereon.

Behr Bill

On March 3, the Governor of the State of California signed urgency legislation S.B. No 1 (commonly known as the "Behr Bill") which provides an alternative approach to property tax relief in place of the Jarvis/Gann Initiative Amendment. The Behr Bill is Chapter 24 of the current 1977-78 regular session of the Legislature and takes effect immediately as an urgency statute; however, the bill specifies various operative dates for its provisions.

The Legislative Counsel's Digest for the bill as finally adopted is as follows:

Legislative Counsel's Digest

Under existing law, all taxable property on the secured roll is subject to taxation at the same rate, while property on the unsecured roll is subject to taxation at the rate applied to the secured roll for the prior fiscal year, and the first \$7,000 of the full value of an owner-occupied dwelling is exempted from taxation.

This bill would provide for the taxation of owner-occupied dwellings at a different rate than other taxable property.

Existing law limits the maximum property tax rate which may be levied by local agencies.

This bill would revise the method of computing maximum property tax rates so that local agencies shall receive a specified amount of tax revenues, reduced by certain reduced costs of specified social service programs.

Existing law authorizes a \$37 credit against taxes due under the Personal Income Tax Law for qualified renters. If the amount of the credit exceeds income tax liability, the excess is paid to the claimant.

This bill would change the amount of the credit or payment to \$75, commencing with taxable years beginning on and after January 1, 1978.

Under existing law, payments of state funds are made to homeowners and renters 62 years of age or older on the basis of a percentage (determined by total household income) of property taxes paid by homeowners or the statutory property tax equivalent presumed to be paid by renters.

This bill would revise the schedule of benefits payable to homeowners and renters.

Existing law does not limit the amount of revenues collected by the State of California.

This bill would set a state revenue limit which is increased annually by the percentage increase in California Personal Income multiplied by a revenue elasticity factor.

Under existing law, counties are required to pay a specified share of the costs of the Supplementary Program for the aged, blind and disabled and specified Medi-Cal programs.

This bill would alter counties' shares of such programs according to a formula.

This bill would become operative only if Proposition 8 on the ballot for the June 6, 1978 election is approved by the voters and Proposition 13 on such ballot is rejected by the voters, or is declared unconstitutional by the courts.

The bill would take effect immediately as an urgency statute, but would specify various operative dates for its provisions.

The main effect of the Behr Bill is a reduction in the rate of taxation on owner-occupied dwellings as compared to other taxable property. The Behr Bill adds Sections 2350 to 2355 to the Revenue and Taxation Code which provide for a reduction of approximately 30% in the total ad valorem property tax rate which would apply to owner-occupied dwellings. Said Section 2355 provides further that the State Controller shall reimburse each County Auditor for the amount of revenue loss by each taxing agency due to the tax rate reductions from State funds and the section provides the County Auditor shall allocate the reimbursement to local

agencies as though the amounts had been paid by the taxpayers.

While the Behr Bill provides a lesser amount of direct property tax relief, it does provide alternative sources of funding local government losses, primarily through state reimbursement programs. However, the bill also contains various revenue limitation provisions (which in part continue existing limitations) which could affect the ability of local government, including the District to raise revenues, sufficient to meet the District's expenses of operation.

The Behr Bill will become law in its entirety only if (1) it is approved by the voters at the June 6 statewide election and (2) if the Jarvis/Gann Initiative is defeated or declared unconstitutional by the courts.

Constitutional Amendment No. 8

Also appearing on the June 6, 1978 ballot as Proposition No. 8 thereon is California Senate Constitutional Amendment No. 6. The proposed amendment would add Section 9.5 to Article XIII of the California Constitution to read as follows:

"PROPERTY TAXATION— OWNER OCCUPIED DWELLINGS CONSTITUTIONAL AMENDMENT

Section 9.5. The Legislature may provide for the taxation of owner occupied dwellings, as defined by the Legislature, or any fraction of the value thereof, at a rate lower than that levied on other property. In no event may the tax rate levied on other property be increased as a result of lowering the tax rate levied on owner occupied dwellings."

The Legislative Counsel's Digest of this proposed amendment as found in Resolution Chapter 85 of the 1977-78 Regular Session of the California Legislature is reprinted below.

"The existing Constitution provides that all property is taxable at the same percentage of fair value.

This measure would allow Legislature to provide for the taxation of owner occupied dwellings, or any fraction of the value thereof, at a lower rate than that levied on other property, but would prohibit an increase in the tax rate on other property as a result of lowering the tax rate on owner occupied dwellings. The Legislature would be authorized to define 'dwellings'."

The Behr Bill contains language which is specifically intended to satisfy the second sentence of the proposed Constitutional Amendment. Section 44 of Chapter 24 of the 1978 statutes (Behr Bill) provides:

“SEC. 44. (a) It is the intent of the Legislature in enacting Section 2261 of the Revenue and Taxation Code that the provisions of such section are compatible with the provisions of Section 9.5 of Article XIII of the State Constitution, as added by Proposition 8 on the ballot for the statewide election on June 6, 1978. The Legislature intends that the provision of Section 9.5 requiring ‘in no event may the tax rate levied on other property be increased as a result of lowering the tax rate on owner-occupied dwellings’ is fulfilled by the provision of Section 2261, which prevents the tax rate on property other than owner-occupied dwellings from increasing over the prior year’s tax rate for such property when the tax rate on owner-occupied dwellings is reduced below the tax rate

on such dwellings for the prior year.

(b) It is the intent of the Legislature, in enacting Article 10 (commencing with Section 2350) of Chapter 3 of Part 4 of Division 1 of the Revenue and Taxation Code, that the tax rate reductions for owner-occupied dwellings provided in that article comply with the provisions of Section 9.5 of Article XIII of the State Constitution, as added by Senate Constitutional Amendment No. 6 of the 1977/78 Regular Session of the Legislature, because the state directly reimburses local governments for revenue losses resulting from that article, and no shift of tax burden to other property is involved or permitted.”

Estimated Debt Service

Table 1 presents a schedule of estimated annual debt service for the Bonds currently being offered for sale at a 6½ percent net interest rate and actual debt service on the \$774,384 of assumed Simi Valley Unified School District bonds.

Table 1

ESTIMATED BOND SERVICE REQUIREMENTS

OAK PARK UNIFIED SCHOOL DISTRICT

\$3,025,000 Election of 1977, Series A Bonds

Year Ending	Principal Outstanding July 1	Interest @ 6½ % November 15	Interest @ 6½ % May 15	Principal Maturing May 15	Estimated Bond Service②	Assumed Simi Valley Unified School District Debt Service③	Estimated Grand Total Bond Service
1979	\$3,025,000	\$ 98,312.50	\$ 98,312.50	\$ 25,000	\$ 221,625.00	\$128,350.71	\$ 349,975.71
1980	3,000,000	97,500.00	97,500.00	25,000	220,000.00	127,695.30	347,695.30
1981	2,975,000	96,687.50	96,687.50	25,000	218,375.00	127,759.84	346,134.84
1982	2,950,000	95,875.00	95,875.00	50,000	241,750.00	122,232.86	363,982.86
1983	2,900,000	94,250.00	94,250.00	50,000	238,500.00	127,967.19	366,467.19
1984	2,850,000	92,625.00	92,625.00	50,000	235,250.00	108,763.47	344,013.47
1985	2,800,000	91,000.00	91,000.00	75,000	257,000.00	85,972.28	342,972.28
1986	2,725,000	88,562.50	88,562.50	75,000	252,125.00	75,080.13	327,205.13
1987	2,650,000	86,125.00	86,125.00	75,000	247,250.00	—	247,250.00
1988	2,575,000	83,687.50	83,687.50	100,000	267,375.00	—	267,375.00
1989	2,475,000	80,437.50	80,437.50	100,000	260,875.00	—	260,875.00
1990	2,375,000	77,187.50	77,187.50	100,000	254,375.00	—	254,375.00
1991	2,275,000	73,937.50	73,937.50	100,000	247,875.00	—	247,875.00
1992	2,175,000	70,687.50	70,687.50	125,000	266,375.00	—	266,375.00
1993	2,050,000	66,625.00	66,625.00	125,000	258,250.00	—	258,250.00
1994	1,925,000	62,562.50	62,562.50	125,000	250,125.00	—	250,125.00
1995	1,800,000	58,500.00	58,500.00	150,000	267,000.00	—	267,000.00
1996	1,650,000	53,625.00	53,625.00	150,000	257,250.00	—	257,250.00
1997	1,500,000	48,750.00	48,750.00	150,000	247,500.00	—	247,500.00
1998	1,350,000	43,875.00	43,875.00	175,000	262,750.00	—	262,750.00
1999	1,175,000	38,187.50	38,187.50	200,000①	276,375.00	—	276,375.00
2000	975,000	31,687.50	31,687.50	225,000①	288,375.00	—	288,375.00
2001	750,000	24,375.00	24,375.00	225,000①	273,750.00	—	273,750.00
2002	525,000	17,062.50	17,062.50	250,000①	284,125.00	—	284,125.00
2003	275,000	8,937.50	8,937.50	275,000①	292,875.00	—	292,875.00
Totals		\$1,681,062.50	\$1,681,062.50	\$3,025,000	\$6,387,125.00	\$903,821.78	\$7,290,946.78

① Callable on any interest payment date on or after May 15, 1993. First interest payment is May 15, 1979.

② Source: Stone & Youngberg Municipal Financing Consultants, Inc.

③ Source: Ventura County Auditor-Controller.

DISTRICT ORIGIN, ORGANIZATION AND FINANCIAL DATA

Origin

The Oak Park Unified School District is located in the southeast corner of Ventura County, at the Los Angeles County line. The area had been included in the Simi Valley Unified School District since its formation in 1936.

Although the first school was built in Simi Valley in 1890, the Oak Park Area experienced no growth until 1967 when 160 homes were built. Additional homes were constructed subsequent to 1967, and in 1968, Brookside Elementary School was completed to house the elementary students living in those homes. Students in the junior and senior high school grades attended school in the nearby Oxnard Union High School District for one year and then were bused to the Simi Valley Unified School District.

Beginning in 1970, Oak Park residents made formal requests to the Las Virgines School District Governing Board for annexation to that District. Three denials of this request, (1970, 1974 and 1976) prompted District residents to begin the process of forming their own school district.

On January 17, 1977, the State Board of Education approved the proposed Oak Park Unified School District, and an election was held in Oak Park on May 31, 1977. Seventy-seven percent of the eligible Oak Park electorate voted in that election, and unification was approved with a ninety-three percent affirmative vote. A five-member Board of Education was elected at the same time, and their first business meeting was held on June 14, 1977.

Organization

The District is governed by an independent Board of Education of five members who are elected at large for overlapping four-year terms. The Superintendent, who serves at the pleasure of the Board of Education, administers the District's affairs in accordance with policies of the Board of Education.

The District Superintendent, Dan M. Thompson, is in his twenty-fourth year of service as a public school teacher and administrator in the State of California. He has been a teacher at both the elementary and high school levels. His administrative service has included elementary principal, high school principal, assistant superintendent in charge of instruction and superintendent of a unified district. Most of his experience has been in rapidly growing districts, and he has been involved in the financing, planning and constructing of a number of school facilities.

Facilities and Attendance

The District's facilities include one elementary school, and the District staff includes the Superintendent, a business manager and three secretaries. It is anticipated that the following additional staff will be added in fiscal year 1978/79: a principal, an assistant principal, approximately 32 certificated personnel and 16 classified personnel.

On November 8, 1977, the voters of Oak Park approved the issuance of school bonds in the amount of \$40,525,000 and the accepting of a state loan in an amount up to \$20,000,000 for the purpose of constructing school facilities in the District. At this election, seventy-two percent of the voters cast their ballots and ninety percent of those voting voted favorably on both measures.

At the present time the district superintendent is working with three architectural firms on school construction projects. One project will add an additional building to the existing elementary school; the other two projects are a new elementary school and the first phase on the District's high school.

The proposed construction and timetable is presented below: (See "The Improvement Program" section of this Official Statement for a description of the Project to be financed with the currently offered bonds.)

Table 3 on page 12 shows the projected housing and student population. The analysis of projected housing and student population is based upon construction estimates provided by the developer of Oak Park, Metropolitan Development Corporation, (see the "Oak Park: Background and Proposed Development" section of this Official Statement) which are consistent with the master plan for Oak Park approved by the Ventura County Board of Supervisors on December 30, 1974 and as amended in June of 1977.

Student projections were based upon a conservative estimate of 1.1 school aged pupils per single family detached dwelling, .8 school aged pupils per single family attached dwelling and .4 school aged pupils from each apartment dwelling. At the present time, there is an average of 1.2 school aged children for each of the single family residences in the district.

Table 2

OAK PARK UNIFIED SCHOOL DISTRICT

Projected Construction and Proposed Timetable for Implementation^①

Year	Elementary Schools	Middle Schools	High Schools
1978-79	Brookside School addition		
1979-80		②	High School Phase I
1980-81	School No. 2 completed	②	High School Phase II
1981-82		②	High School completed
1982-83	School No. 3 completed	②	
1983-84	School No. 4 Phase I	Middle School No. 1 Phase I	
1984-85	School No. 4 Phase II	Middle School No. 1 Phase II	
	School No. 5 Phase I		
1985-86	School No. 5 Phase II		
1986-87	School No. 6 Phase I	Middle School No. 2 Phase I	
1987-88	School No. 6 Phase II	Middle School No. 2 Phase II	

① See "The Improvement Program" section of this Official Statement for a discussion of future bond sales.

② During the years 1979-83 all middle school students (grades 6-8) will be housed on the high school campus.

Source: Oak Park Unified School District.

Table 3

OAK PARK UNIFIED SCHOOL DISTRICT
Projected Housing and Student Population

Year	Number of Single Family Detached	Number of Single Family Attached	Number of Apartments	Total	Number of Students
1978-79	936	270	0	1,206	1,246
1979-80	996	472	0	1,468	1,473
1980-81	996	695	150	1,841	1,712
1981-82	996	1,185	300	2,481	2,164
1982-83	1,066	1,423	450	2,939	2,491
1983-84	1,136	1,832	600	3,568	2,955
1984-85	1,186	2,257	600	4,043	3,350
1985-86	1,236	2,658	600	4,494	3,726
1986-87	1,286	3,087	600	4,973	4,124
1987-88	1,331	3,592	600	5,523	4,578
1988-89	1,381	3,992	600	5,973	4,593
1989-90	1,431	4,392	600	6,423	5,328
1990-91	1,445	4,472	600	6,517	5,407

Source: Oak Park Unified School District based upon 1976 construction estimates developed by Metropolitan Development Corporation.

The District will educate students in grades K through 7 in 1978/79. Students in grades 8 through 12 will be educated by the Las Virgenes Unified School District through an Interdistrict Agreement. The District will educate students in grades K through 8 in 1979/80; K through 10 in 1980/81; K through 11 in 1981/82; K through 12 in 1982/83. The students who will not be educated by the District in the years discussed above will be educated by the Las Virgenes Unified School District in a continuation of the Interdistrict Agreement.

Assessed Valuations

The Ventura County Assessor assesses property for District tax purposes. The State Board of Equalization reports the 1977/78 Ventura County valuations average 25.1 percent of full market value, except for public utility property, which is assessed by the State at 25 percent of full value.

Under California State Law, two types of exemptions of property from ad valorem taxes became effective in the 1969/70 fiscal year. One exempts 50 percent of the value of business inventories from ad valorem taxes. The other provides for an exemption of \$1,750 of the assessed valuation of an owner-occupied dwelling if the owner files for the exemption. Under the provisions of a Constitutional Amendment, the California legislature can raise this exemption. Revenue estimated to be lost to each taxing entity as a result of such exemptions is reimbursed to the taxing entity from state funds. The reimbursement is based upon total taxes which would be due on the assessed valuation of the property qualifying for these exemptions, without allowance for delinquencies. Table 4 presents the District's 1977/78 assessed valuation by tax roll, before and after these two exemptions.

Table 4**OAK PARK UNIFIED SCHOOL DISTRICT****1977/78 Assessed Valuation**

Tax Roll	Taxable Assessed Valuation	Homeowners' Exemptions	Business Inventory Exemptions	Assessed Valuation for Revenue Purposes
Secured	\$20,698,456	\$1,208,550	\$ 9,261	\$21,916,267
Unsecured	8,617,444	—0—	333,200	8,950,644
Utility	1,238,650	—0—	—0—	1,238,650
Total	<u>\$30,554,550</u>	<u>\$1,208,550</u>	<u>\$342,461</u>	<u>\$32,105,561</u>

Source: Ventura County Auditor-Controller.

Table 5 shows a five-year history of the District's assessed valuation by tax roll prior to deductions for the two previously discussed special exemptions.

Table 5**OAK PARK UNIFIED SCHOOL DISTRICT****Assessed Valuation by Tax Roll: 1973/74—1977/78^①**

Tax Roll	1973/74	1974/75	1975/76	1976/77	1977/78
Secured	\$11,346,403	\$12,412,110	\$13,716,037	\$15,701,627	\$21,916,267
Unsecured	1,749,952 ^②	6,763,180 ^②	6,040,917	10,443,349	8,950,644
Utility ^③	826,190	751,960	948,450	1,025,480	1,238,650
Total	<u>\$13,922,545</u>	<u>\$19,927,250</u>	<u>\$20,705,404</u>	<u>\$27,170,456</u>	<u>\$32,105,561</u>

^① Includes reimbursable exemptions.

^② In fiscal years 1975/76—1977/78 information was available for downward adjustments of \$450, \$1,275 and \$1,650 respectively. These are parcels of assessed valuation which are not a part of the Oak Park Unified School District. The numbers presented in this table have not been adjusted similarly for fiscal years 1973/74 and 1974/75 since this information was not available.

^③ The fluctuations in the utility roll are attributable to development activity within the District.

Source: Ventura County Auditor-Controller.

Revenue Limitations

Since 1973/74, California school districts have operated under general purpose property tax revenue limitations established in legislation adopted in 1973. This legislation, however, does not impose a maximum property tax rate for the purpose of meeting general obligation bond service payments. The Board

of Supervisors of Ventura County is required to levy ad valorem taxes without limit as to rate or amount to meet general obligation debt service of the District.

Since 1973/74 allowable annual tax rates to be applied to a district's assessed valuation have been derived from a statutory formula which takes into

account a number of factors including adjustments for inflation, limited mandatory contributions to the Teachers' Retirement System, basic state aid, state equalization aid, changes in average daily attendance, and prior years' tax collections. The tax required to raise the general purpose moneys is the District's maximum general purpose tax rate (see Table 7).

The District does not have a revenue limit per unit of average daily attendance in fiscal year 1977/78. It also has no taxing power, and therefore no general purpose tax rate, in fiscal year 1977/78.

Estimated revenue limits per unit of average daily attendance follow:

Table 6

**OAK PARK UNIFIED SCHOOL DISTRICT
Projected Revenue Limits**

Fiscal Year	Estimated Revenue Limit ^①
1978/79	\$1,630.00
1979/80	1,728.00
1980/81	1,797.00

① Per unit of average daily attendance.

Source: Oak Park Unified School District.

Tax Rate

Table 7 shows the estimated Oak Park Unified School District tax rate for fiscal years 1978/79 through 1980/81. The District has no taxing power in fiscal year 1977/78.

Table 7

**OAK PARK UNIFIED SCHOOL DISTRICT
Estimated Tax Rate by Purpose**

Purpose	1978/79	1979/80	1980/81
General Purpose ...	\$4.4519	\$4.1946	\$4.2678
Community Service .	.1000	.1000	.1000
State Loan Repayment .....	.3269	.3308	.3394
Total Tax ..	\$4.8788	\$4.6254	\$4.7072

Source: Oak Park Unified School District.

There are 8 Tax Code Areas in the District. In the 1977/78 tax year, total tax rates within these code areas ranged from \$9.6075 to \$10.2375 per \$100 assessed valuation. Tax Code Area 84050 is the largest area by assessed valuation in the District, with a 1977/78 assessed valuation of \$9,779,884. Table 8 illustrates the tax rates levied in Tax Code Area 5208 in 1977/78.

Table 8

**OAK PARK UNIFIED SCHOOL DISTRICT
Tax Code Area 84050
Tax Rate per \$100 Assessed Valuation**

Agency	1977/78 Tax Rate
General County	\$2.1250
County Superintendent of Schools .....	.0349
County Library .....	.1515
Fire Protection District .....	.7456
County Flood Zone Administration .....	.0400
County Flood Zone No. 4 .....	.0064
Institutional Child School .....	.0248
Simi School Physically Handicapped ....	.0257
School Capital Outlay .....	.0300
Regional Occupational Center School ....	.0134
School Development Center .....	.0139
Simi Unified School: General	4.1620
Ventura Community College: General ...	.6743
Ventura College Child Center .....	.0037
Simi Unified School: Bonds .....	.3677
Ventura Community College: Bonds ....	.0371
County Service Area No. 4: Triunfo ....	.2641
Simi Recreation & Park .....	.6489
Simi Public Cemetery .....	.0026
Calleguas Municipal Water .....	.1300
Calleguas Municipal Water: Bonds .....	.1300
Metro Water Annex No. 3 .....	.2400
TOTAL GENERAL COUNTY	
TAX RATES	\$9.8716
Ventura Regional County Sanitation	\$.0606
Triunfo County Sanitation: Bonds .....	.4701
LAND AND IMPROVEMENT	
RATE	\$.5307
Las Virgenes Resource Conservation	\$.0234
LAND ONLY RATE	\$.0234

Major Taxpayers

A listing of large taxpayers within the District and their 1977/78 assessed valuation is presented in Table 9.

Table 9

OAK PARK UNIFIED SCHOOL DISTRICT

Major Taxpayers, Fiscal Year 1977/78

Taxpayer	Product/Service	1977/78 Assessed Valuation
Rockwell International Corp.	Aircraft	\$14,318,096 ^①
Metropolitan Development Co.	Land development	1,129,750
Home Savings & Loan	Savings and loan bank	994,150
Southern California Edison Company	Utility	571,520
Southern California Gas Company	Utility	273,030
Hope, Lester T.	Property owner	229,625
Oxford Investment Corp.	Land development	203,950
Pacific Telephone & Telegraph	Utility	179,310
Barrett, Lillian	Property owner	129,375
Metropolitan Water Co.	Utility	102,000

^① Includes \$8,209,620 of unsecured assessed value. The remaining taxpayers' assessed values are secured or utility taxes.
Source: Ventura County Auditor-Controller.

Tax Levies, Collections and Delinquencies

School District secured taxes appear on the same tax bill as county and city taxes, are payable in equal installments on November 1 and February 1, and become delinquent on December 10 and April 10

respectively. Taxes on properties appearing on the unsecured roll are assessed on March 1 and become delinquent the following August 31. Table 10 summarizes the general purpose secured tax levies and the estimated amount and percentage of the levy delinquent as of June 30 for the past five fiscal years in the District's tax code areas.

Table 10

OAK PARK UNIFIED SCHOOL DISTRICT

Secured Tax Levy and Estimated Collections and Delinquencies

Year Ending June 30	Total Secured Levy	Amount Collected	Amount Delinquent	Percent Delinquent
1973	\$1,472,530	\$1,468,813	\$ 3,717	0.252%
1974	1,388,471 ^①	1,387,960	512	0.037
1975	1,354,827	1,329,346	25,481	1.881
1976	1,767,989	1,765,981	2,009	0.114
1977	1,946,551	1,942,469	4,082	0.210

^① Reimbursable homeowners' exemptions increased to \$1,750 from \$750.
Source: Ventura County Auditor-Controller.

General Fund Income and Expenditures

Table 11 presents a three-year District budget projection. (See "Other Indebtedness" section of this Official Statement for a discussion of current year income and expenses.) Income figures are based upon the County Auditor's determination of the District revenue limit and District enrollment projections. No income or outgo from the State Building Aid Program or developer contribution is included. (See "Other Assets" section of this Official Statement for a discussion of the developer contribution.)

Other outgo consists primarily of tuition payment to the Las Virgines Unified School District for Oak Park Unified School District high school students attending the Las Virgines Unified School District. These payments are anticipated to extend through fiscal year 1981/82 when Oak Park Unified School District is scheduled to have completed construction of its own high school.

Other outgo also includes annual repayment of (1) State Building Aid Loan and (2) the initial \$130,000 state apportionment.

Other Indebtedness

The Oak Park Unified School District has received an advance loan from the State of California in the amount of \$130,000 to be used for operating expenses during the period before July 1, 1978. The District has no taxing power before fiscal year 1978/79. This loan must be repaid to the state during the first three years of district operation. The District has no other debts.

Other Assets

The Oak Park Unified School District has experienced a positive working relationship with the developer of the Oak Park Community, Metropoli-

Table 11
OAK PARK UNIFIED SCHOOL DISTRICT
Projected General Fund Income and Expenditures

	1978/79	1979/80	1980/81
Net Beginning Balance July 1st	\$ 130,000①	\$ 338,688	\$ 670,793
Income:			
Federal Income			
State Income	687,872	1,120,295	1,275,251
County Income			
Local Income	1,575,340	1,682,130	2,175,547
Incoming Transfers			
Total Income (Exclusive of Beginning Balance)	2,263,212	2,802,425	3,450,798
Total: Net Beginning Balance and Income	\$2,393,212	\$3,141,113	\$4,121,591
Expenditures:			
Certificated Salaries	\$ 735,134	\$1,036,294	\$1,597,637
Classified Salaries	227,959	275,404	405,629
Employees' Benefits	148,043	198,016	312,289
Books, Supplies and Equipment Replacement	54,314	48,321	80,568
Contracted Services and Other Operating Expenses	146,988	177,030	211,744
Sites, Buildings, Books and Media, and New Equipment	8,200	6,250	6,250
Other Outgo	733,886	729,005	535,573
Total Expenditures	2,054,524	2,470,320	3,149,690
Net Ending Balance	338,688	670,793	971,901
Total Expenditures Plus Net Ending Balance	\$2,393,212	\$3,141,113	\$4,121,591

① Balance of the \$130,000 State Loan (See "Other Indebtedness" section of this Official Statement), and financial settlement with Simi Valley Unified School District.

Source: Oak Park Unified School District.

tan Development Corporation of Beverly Hills. Pursuant to the terms of a Superior Court judgment affirming an agreement in the form of a stipulation between Metropolitan Development Corporation and the County of Ventura, Metropolitan Development Corporation has agreed to donate 11 school sites totaling 166 acres and to provide the District with \$100 per dwelling unit, to be paid to the District out of escrow proceeds. The District is currently negotiating with the corporation to increase the contribution from \$100 to \$125 and also to apply an inflation factor to that contribution. This has been agreed to in concept by the corporation. In addition, the corporation has agreed to contribute an initial sum of \$360,000 to the Oak Park Unified School District to be used for capital purchases and for the leasing of temporary facilities as needed to provide accommodations for students residing in homes constructed by the corporation.

Direct and Estimated Overlapping Bonded Debt

The District's general obligation bonding capacity is equal to ten percent of its assessed valuation after all exemptions except homeowners' and business inventory, as adjusted by the Collier Factor. The Collier Factor is a comparison of a county's assessment

level with the statewide average ratio. The factor is used to offset differences in assessment levels for intercounty school districts and conforms assessment to the statewide average assessment level for all property. The District's bonding capacity as reported by the Ventura County Auditor-Controller is \$3,025,355. Upon delivery of the Election of 1977, Series A Bonds currently being offered, the District's general obligation bonded debt will be \$3,025,000. Table 12 is a statement of direct and estimated overlapping bonded debt of the District as of April 18, 1978.

As of June 30, 1977, the District's State School Building Aid repayable amounted to \$3,662,968. The District's share of authorized unsold bonds is as follows:

Public Entity	Authorized Unsold Bonds
Metropolitan Water District	\$ 233,600
Ventura County Flood Control District, Zone No. 3	\$ 118,104
Ventura County Waste Water District No. 8, Division No. 1	\$ 130,610
Triunfo County Sanitation District . .	\$ 860,913
Oak Park Unified School District . . .	\$37,500,000

Table 12

OAK PARK UNIFIED SCHOOL DISTRICT

Statement of Direct and Estimated Overlapping Bonded Debt^①

Estimated population	2,810	
Assessed valuation	\$ 32,105,561 ^②	
Estimated real value	\$127,930,341 ^③	

Public Entity	Percent Applicable	Estimated Debt Applicable April 18, 1978
Ventura County Building Authorities	1.326%	\$ 778,959
Ventura County Library Authority	1.672	61,446
Metropolitan Water District	0.064	337,359
Ventura County Flood Control District, Zone No. 3	1.554	243,123
Ventura County Waste Water, District No. 8, Division No. 1	73.791	4,427
Ventura County Community College District	1.327	72,322
Oak Park Unified School District	100.000	3,025,000 ^④
Simi Valley Unified School District	9.492	752,716
Calleguas Municipal Water District	3.009	434,048
Triunfo County Sanitation District	16.636	886,699
Simi Valley Recreation and Park District (Notes)	9.492	67,298
TOTAL GROSS DIRECT AND OVERLAPPING BONDED DEBT		\$6,663,397
Less: Ventura Co. Waste Water, District No. 8, Division No. 1 (100% self-supporting)		4,427
TOTAL NET DIRECT AND OVERLAPPING BONDED DEBT		\$6,658,970

	Ratio to		
	Assessed Valuation	Real Value	Per Capita
Assessed Valuation	—	—	\$11,425
Direct Debt (\$3,025,000)	9.42%	2.36%	1,077
Net Direct and Estimated Overlapping Bonded Debt	20.74	5.20	2,370

^① Prepared in Cooperation with California Municipal Statistics, Inc.
^② Includes homeowners' and business inventory exemptions of \$1,551,011 which is reimbursed by the State of California.
^③ The State Board of Equalization reports that the 1977/78 assessed valuations in Ventura County averaged 25.1 percent of full market value. Public utility property (\$1,238,650) is assessed by the State Board of Equalization at 25 percent of market value.
^④ The currently offered bonds.

Employer-Employee Relations

At the present time, persons employed by the Oak Park Unified School District Board of Education include the superintendent, a business manager and three secretaries. Certificated and classified personnel assigned to the Brookside School are employed by the Simi Valley Unified School District. On March 15, 1978 those employees were offered employment by the Oak Park Unified School District. They will now choose whether they wish to remain with the Simi Valley Unified School District and be assigned to another school or accept employment from the Oak Park Unified School District and continue their services in the new district.

Employees currently assigned to the Brookside School have been active in the formation of the newly unified district and have experienced a co-operative working relationship with the new Board of Education. It is anticipated that all of them will remain with the new district.

Since July 1, 1976, the provisions of the Rodda Act, codified as Chapter 961 of the 1975 Statutes, have provided a formalized process for collective bargaining between school employees and Boards of Education. The law allows employees to select an exclusive bargaining representative and to negotiate with the Governing Board for a binding contract.

The Superintendent has met informally with representatives of the Teachers assigned to Brookside school, who voted not to take part in formal collective bargaining. They have reached agreement on a 3-year contract which pledges both parties to strive to maintain an atmosphere of cooperation and mutual respect and understanding. The contract was ratified by the Board of Education on March 15, 1978 and by the total teaching staff on March 17, 1978.

Pension Plans

The District participates in the State of California Teachers' Retirement System (STRS). This plan covers basically all full-time certificated employees. The District made no contributions in 1977/78. The District's contribution to STRS for fiscal year 1978/79 is estimated at \$50,623, which includes both current costs and backfunding.

The District also participates in the State of California Public Employees' Retirement System (PERS). This plan covers all classified personnel who are employed at least 50 percent of the work-

week. The District made no contributions in 1977/78. The District's contribution to PERS for 1978/79 is estimated at \$20,988, which includes both current costs and backfunding.

Both systems are operated on a statewide basis. Records are maintained in such a way that information relating to vested benefits, unfunded vested benefits, and prior service costs are not available for the District.

The State Teachers' Retirement System (STRS) operates under provisions of the State Education Code. The System includes California public teachers from preschool through grade fourteen and certain other employees of the public school system. There were approximately 334,200 active and inactive members, 72,368 benefit recipients, and 1,149 participating agencies at June 30, 1977. Membership is mandatory for all certificated employees meeting the eligibility requirements.

The system is financed by earnings from investments and contributions from members, school districts, and the State of California, which pays \$144,300,000 annually to the year 2002, subject to annual legislative appropriation. Under present rules, members contribute eight percent of applicable earnings, and school districts contribute a percentage of applicable member earnings, rising to eight percent beginning July 1, 1978. However, under legislation enacted in 1977, new increased rates, effective July 1, 1979, would result in total contributions of 21 percent of payroll after a five-year period. The employer rate would increase to 10 percent, and the State of California would contribute three percent, with the employee rate remaining at eight percent.

At June 30, 1977, the total unfunded obligation of the system was \$9,894,721,919, as determined by the independent actuary. This includes the present value of future State contributions provided by the State Teachers' Retirement Law (\$1,666,000,000). Comparable figures for June 30, 1976 were \$9,420,709,989 and \$1,577,182,428, respectively. In the opinion of the Chief Executive Officer for STRS, the additional contributions referred to above, while helpful, will not solve the funding problem.

Actuarial valuations of the System are based upon the entry-age-normal cost method, which is a projected benefit cost method wherein level normal rates (contributions) are computed sufficient to fund benefits over the entire service life of members. The System's financial statements are prepared on the accrual basis of accounting.

The State Teachers' Retirement System's actuary is Milliman & Robertson, Inc., of San Francisco, California; Investment Counsel for equities is B A Investment Management Company, San Francisco, California; auditor is Coopers & Lybrand, Sacramento, California.

The State Public Employees' Retirement System (PERS). This system, originally established in 1931, is governed by an eleven member Board of Administration, including the State Director of Finance. As of June 30, 1976, there were 543,436 members, of whom approximately 10% are classified as "safety" members (principally fire and police duties) and the balance are classified as "miscellaneous" members (management, administrative, staff, operational and clerical employees).

Approximately 33% of the members are state personnel and the balance (67%) are public agency personnel. As of June 30, 1976, the system provided retirement, death and survivor benefits under 944 contracts for about 1,950 public agency employers (cities, counties, and other public agencies) with 364,116 members. The System's funding is by employer and employee contributions together with investment income. Contributions fluctuate yearly depending on the number of members and their re-

spective salary schedules. The annual contribution by the State of California for the 1975 and 1976 fiscal years, as reported by the State Controller, was \$231,057,854 and \$289,502,746, respectively. The system's financial statements are prepared on an accrual basis of accounting and the system's auditor is Coopers and Lybrand, Sacramento, California. Citicorp Investment Management, Inc., San Francisco, provides investment advisory services. The system's actuarial activities are conducted internally on a continuous basis, with an experience analysis being conducted no less than every four years. This was last done as of June 30, 1974.

Total assets of the system at June 30, 1976 were \$7,910,606,976, according to the annual report. Of this amount, reserves of \$7,862,480,565 were available for benefits. The unfunded obligation of the system was determined to be \$6,131,556,655 at June 30, 1975 (state members \$3,471,553,401, local governmental members \$2,660,003,254). The comparable amount for June 30, 1976 is not available. The amount of the respective unfunded liabilities will vary from time to time depending upon the actuarial assumptions utilized, rates of return on investments, and salary scales. The present System policy is designed to satisfy the unfunded obligation by June 30, 2000.

THE DISTRICT AND SURROUNDING AREA

Oak Park Unified School District is located in southeastern Ventura County, south of the Simi Hills, in the Agoura Valley. The District is bounded on the east and south by Los Angeles County and on the west by the City of Thousand Oaks. To the north is the Simi Valley Ridge Line, separating Oak Park from the Simi Valley. The District covers 27.69 square miles of gently sloping and hilly terrain, and has a present estimated population of 2,810 persons. The Santa Susana Field Laboratory of Rockwell International is situated in the northeast sector of the District. In the southwestern quadrant is the new community of Oak Park.

The Simi Hills lie north of the Agoura Valley, Los Angeles County. The Agoura Valley extends westward from the San Fernando Valley into the Conejo Valley region of Ventura County. About two miles south of the District is the community of Agoura. To the west are Westlake Village, the City of Thousand Oaks, and the community of Newbury Park, all within a ten-mile radius of the District.

The Ventura Freeway (U.S. 101) is the major thoroughfare serving the area, linking it with the San Fernando Valley to the east and Camarillo, Oxnard and Ventura to the west. The Santa Monica Mountains separate the Conejo Valley area from the Pacific Ocean to the south. The regional trend of growth and development has been outward from Los Angeles, through the San Fernando Valley and into Ventura County areas such as the Conejo Valley, which has been the fastest growing area in the County in recent years.

Kanan Road, leading to Oak Park, intersects the Ventura Freeway approximately 1.6 miles south of the District. This junction is about 40 miles west of Los Angeles, 160 miles north of San Diego, 390 miles south of San Francisco, and 25 miles east of the deepwater harbor at Port Hueneme.

Shielded from the ocean by the Santa Monica mountains, the Conejo Valley-Agoura area is warmer than the Oxnard Plain to the west, but cooler than the San Fernando Valley to the east. Coastal breezes

prevail most of the year, keeping the area nearly smog-free and fog-free. The average winter temperature is 57 degrees; average summer temperature is 77 degrees.

The Conejo Valley has a substantial base of light industrial and research firms, and is the commercial and retail center for rapidly developing residential areas along the Ventura Freeway in western Los Angeles County and eastern Ventura County.

Westlake Village is located both in Los Angeles County and Ventura County. The Ventura County portion of Westlake Village is in the city limits of Thousand Oaks. That part of the Agoura Valley south of the District is as yet comparatively undeveloped. The community of Agoura has a U.S. Post Office, a County Fire Station, and a County Library, in addition to schools, stores, and residential areas.

In the Oak Park Unified School District, developed areas include Rockwell International's Field Laboratory, referred to above, and the community of Oak Park, a project of the Metropolitan Development Corporation. This firm has extensive construction experience in California, Nevada, and Arizona (See "Metropolitan Development Corporation" section of this Official Statement).

Major Landowners

Major landowners in the Oak Park Unified School District, in addition to Metropolitan Development Corporation, include the following: (See "Major Taxpayers" section of this Official Statement, page 15).

Home Savings and Loan Association
3731 Wilshire Blvd.
Los Angeles, CA

Lester T. (Bob) Hope
10346 Moorpark St.
North Hollywood, CA 91602

Lorraine Barrett
10619 Landale St.
North Hollywood, CA 91602

Rockwell International, Rockeddyne Div.
2230 East Imperial Highway
El Segundo, CA 90245

Oren Realty and Development
16250 Ventura Blvd.
Encino, CA

Oxford Investment Co.
3731 Wilshire Blvd.
Los Angeles, CA

Rockwell International Field Laboratory

Rockwell International Corporation's facility in the Oak Park Unified School District is known as the Santa Susana Field Laboratory. Two of Rockwell's divisions conduct operations at that location. The Rocketdyne Division is engaged principally in the testing of large liquid propellant rocket engines and their components. The Atomics International Division is engaged in developing and testing hardware and components for nuclear and other advanced energy systems.

The 1977-78 property taxes paid and payable to Ventura County with respect to the Santa Susana Field Laboratory amounted to \$1,478,437. This figure includes taxes on both real and personal property owned by the Company as well as taxes based on possessory interests in Government property. A 250-foot strip of land at the Santa Susana Field Laboratory is not included within the boundaries of the Oak Park Unified School District.

As of January 8, 1978, employment at the Santa Susana Field Laboratory was as follows:

Rocketdyne Division	387
Atomics International Division	555

Due to the vagaries of Government contracting, it is difficult to estimate future levels of employment.

Oak Park Community

The community of Oak Park covers 2,847 acres adjacent to and north of the Ventura County-Los Angeles County lines. It is adjacent to and easterly of the City of Thousand Oaks. Oak Park is located on the lower south slopes of the Simi Hills, ranging in elevation from 970 feet above sea level near its southern extremity to about 2,100 feet at its north-eastern boundary.

At full development, extending over a 17 year period, the Oak Park Master Plan calls for the construction of 6,517 residential units, of which approximately 750 have been built. The community will then have an estimated population of 18,000 persons. The residential units, planned or built, consist of conventional detached houses, single-family condominium type dwellings and apartments. The single-family dwellings range in price from \$60,000 to over \$100,000.

More than half the community site is to be preserved in the form of public open space and recreation areas. Approximately 26 acres are devoted to commercial use. A fire station and public spaces

will occupy slightly more than four acres. School sites aggregating 166 acres provide for eight elementary schools, two middle schools, and a senior high school.

In 1974 the Oak Park project was awarded the Progressive Architecture Award in Urban Design.

Family Income

The District is located in an area of relatively high family incomes. Based on the 1975 special census, median family income in Agoura-Calabasas (Los Angeles County) for that year was \$16,309, compared with \$15,319 in the San Fernando Valley to the east. Median family income in the Conejo-Coastal section of Ventura County was \$16,429, compared with \$14,071 in Simi Valley-Moorpark, north of the District (Final Environmental Impact Report).

Oak Park: Background and Proposed Development

Beginning in 1966, the Metropolitan Development Corporation (hereinafter referred to as MDC), constructed 604 single-family detached houses on 182 acres on both sides of Kanan Road immediately north of the Los Angeles County-Ventura County line. This tract was completed some time ago and contains a six-acre park and an elementary school on ten acres.

The remaining acreage of Oak Park (2,665 acres) has been rezoned by the Ventura County Board of Supervisors as a Planned Community Zone, in response to a suit filed July 16, 1973 in Ventura County Superior Court by MDC. The County had previously denied MDC's application for a zoning change (from Rural Residential) which would enable the continuation of development at Oak Park, even though MDC had expended substantial sums for necessary infrastructures (roads, water, sewer) and other facilities.

On December 30, 1974 a judgment was entered affirming an agreement in the form of a stipulation between MDC and the County of Ventura. The County agreed to approve MDC's application for re-zoning the land to a Planned Community Zone, agreed to approve the Oak Park Master Plan and Development Program, and agreed to modify the Open Space and Conservation Element of the County General Plan to accommodate the Planned Community Zone on the Oak Park site.

(When the county Board of Supervisors adopted the Open Space and Conservation Element in 1973, the Oak Park site, and the county areas to the east, were changed to a "rural residential" designation. This action was changed by the Board action of December 1974, where the Oak Park site was redesignated as "urban", thus making the Oak Park plan again conform completely to official county policy.)

For its part, MDC agreed to donate the following acreage for public purposes:

- a. approximately 2.5 acres for a fire station and County Administration Building.
- b. 166 acres for school sites.
- c. approximately 1,675 acres for parks and open space.

MDC also agreed to pay the County \$125 per residential unit for capital improvements in the development, payable on the sale of each residential unit, the amount to be adjusted according to changes in the Consumer Price Index. On the same per unit basis, MDC agreed to pay \$307.50 to the Simi Valley Recreation and Park District for the development of parks and recreation facilities in Oak Park. In addition, the park district has been paid \$60,000 for the construction of a neighborhood park.

MDC agreed to provide \$100, upon the sale of each new residential unit, to the school district for the leasing, purchasing, or construction of school facilities within the development. MDC also agreed to cooperate with the County in the establishment of a new sub-zone for County Special District #4 and an accompanying new maximum tax rate in the new sub-zone in order to provide revenues for services such as street lighting, street maintenance, landscape maintenance, and extended police service within the new subzone. The Board of Supervisors may impose all or part of such new rate as they deem necessary.

On August 26, 1975, the Ventura County Board of Supervisors approved the first stage of the approved Master Plan. This specific plan covers approximately five years of development and provides for the construction of approximately 2,000 dwelling units of both single family detached and single family attached types. The Board of Supervisors also approved zone changes for those parcels which were to be developed within the next three years, including a small parcel of commercial zone, and approved the tentative subdivision maps for the first 152 single family homes.

The County Board of Supervisors has adopted specific zoning as an orderly process in the implementation of the Community Development Plan. The Board also approved the election of a Municipal Advisory Committee for Oak Park. This five-member body, assisted by a representative of the local County Supervisor, advises the Board on behalf of the community.

Most of the discussion which follows is concerned with that portion of Oak Park located in the Planned Community Zone approved by the County Board of Supervisors under the December 1974 stipulation, as amended in June, 1977. (2,665 acres and 5,913 residential units).

Approximately 60 percent of the stipulated acreage will be left in its present natural state. This area (1,601 acres) will be comprised of public open space and natural parks. The remaining 1,064 acres will be developed for land uses including: residential, 671.6 acres; schools, 166 acres; parks, 72.7 acres; commercial, 25.7 acres; public facilities, 4.1 acres; and roads, 124 acres. Residential areas are to be developed with 5,913 dwellings, of which 841 (approximately 14.2 percent) are single-family detached; 4,472 (75.6 percent) are medium density condominium type single-family dwellings, and 600 (10.1 percent) are apartments.

The distribution of stipulated acreage by land uses is presented on page 24.

The General Land Use Plan proposes eight elementary schools of at least eight acres each. All elementary schools are adjoined by a park site of at least four acres resulting in a 12-acre educational/recreational complex central to each residential area. In addition there are two middle schools and one senior high school.

In addition to the neighborhood parks associated with the elementary schools, the plan provides for a 27-acre community park. Also, the plan proposes two parks in the western valley which will be developed for passive use. Over 222 acres of natural parks will be used primarily for bikeways, pedestrian and equestrian paths. These will form a network separate from the road network and will tie most of the areas in the community together and to the public open space areas.

Commercial facilities comprising 25.7 acres are distributed over three locations. The major location is in the Community Center and consists of 18.8 acres including retail floor space, parking, and eventually an office building. The other commercial

centers are of a convenience nature located at the intersection of Kanan and Lindero Canyon Roads (6.1 acres) and at the Kanan Road-Sunnycrest Street intersection (0.8 acre).

The proposed public facilities, including churches, post office, and a police facility, are located in the heart of the Community Center. These facilities will share the parking area with the retail facility and office building.

OAK PARK LAND USE^①

Use	Acres	Units
Single Family Detached	181.4	841
Single Family Attached	465.6	4,472
Apartments	24.6	600
Elementary Schools (10)	97.0	
Junior/Senior High Schools ...	69.0	
Developed Parks	72.7	
Commercial	25.7	
Public Areas	4.1	
Roads	124.0	
Natural Park	222.2	
Open Space	1,378.7	
Total Project Area ...	2,665.0	5,913
Existing Development	182.0	604
Total Site Area	2,847.0	6,517

① As approved by the Ventura County Board of Supervisors December 30, 1974 (amended June, 1977).

The tentative development schedule for Oak Park through 1988, as incorporated in the Final Environmental Impact Report (April 20, 1977) is shown below. Timing and execution of the schedule is de-

pendent on a number of variables, including but not limited to the regional economy, absorption schedules, availability of materials, utilities and services and the time required for County processing of necessary documents.

Community Center

Facilities currently planned for the Community Center include the following.

Middle School: The Middle and Senior High Schools will share a 44.5 acre site until the middle school student population reaches approximately 600, at which time a separate middle school will be constructed on a separate site. Shared facilities include athletic fields and a gymnasium.

High School: This facility will have approximately 115,000 square feet of building area for 1,200 students and parking for 250-300 cars.

Library: The Middle and High Schools have access to a planned public library.

Commercial/Retail: The commercial facilities in the Community Center will total approximately 200,000 square feet of leasable area. Associated with this facility is a parking area with a capacity of 1,500 cars.

Post Office: A 0.3 acre site has been set aside for this facility in the Center.

Fire Station: A 1 acre site has been designated adjacent to the Center on the north side of Kanan Road. The County Fire Department has approved this site and intends to construct a facility before 2,000 dwellings are occupied in the community. Los Angeles County, which has a reciprocal service agreement with Ventura County, has a fire fighting facility two miles south of Oak Park.

ESTIMATED OAK PARK DEVELOPMENT SCHEDULE

(Non-Cumulative)

Type of Unit	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988
Single Family Detached	117	115	20	0	0	80	113	120	2	60	74
Townhouse (Higher Prices)	136	144	135	142	138	139	144	138	135	140	144
Townhouse (Lower Prices)	180	180	172	168	173	180	173	173	180	171	180
Apartments	0	45	178	0	0	0	0	0	105	175	0
Total Units Per Year	433	484	505	310	311	399	430	431	422	546	398

Source: Final Environmental Impact Report: Table II-2, dated April 20, 1977.

Police: A 0.5 acre site is preserved for a police station. Oak Park is provided police protection by the County Sheriff's Department from its new facility on Olsen Road between Thousand Oaks and Simi Valley. The Sheriff expects that the proposed community at full development will require two additional cars and 18 additional staff members.

Religious: Two sites of 0.3 acres each have been set aside in the Center. Parking for these facilities is accommodated in the Center's main parking area.

Office Facilities: The Plan provides for an office building constructed in three stages with an ultimate area of 300,000 square feet. The final development stages of this facility will include the construction of a parking structure which will increase parking capacity in the Center by 1,500 cars.

At full development the project is expected to generate approximately 2,600 permanent jobs, and support approximately 1,000 retail jobs throughout the county. There are no industrial facilities in the proposed plan.

Oak Park is presently covered by special districts necessary to provide all required urban services. These include:

- County Flood Zone 4
- Calleguas Municipal Water District
- County Library Services Agency
- County Fire Protection District
- County Service Area 4
- Metropolitan Water Annex 3
- Triunfo County Sanitation District
- County Sheriff's Department
- Ventura County Community College District
- Simi Valley Recreation and Parks District
- Oak Park Unified School District
- Ventura Regional County Sanitation District

Parks Program

The Parks Program is composed of three elements: the Neighborhood Parks, the Community Park and natural parks and open space.

Neighborhood Parks are adjacent to elementary schools. They will each serve approximately 750 dwellings, or a population of about 2,500 persons, and will be comprised of approximately four acres. Each park will provide such facilities as an open turf area, hard surface area, play apparatus for children,

picnic facilities, restrooms and equipment building, and open space.

The Community Park site constitutes a natural amphitheater. A large portion of the Community Park will be left in its natural state except for the addition of paths. The developed part will total 27 acres to accommodate recreational and athletic facilities. The plans for the Community Park include play areas, athletic fields, tennis courts, swimming pool, recreation building, parking area, and possibly an equestrian facility.

Over 222 acres of natural parks will be used primarily for bikeways, pedestrian and equestrian paths. These will form a network separate from the road network and will tie most of the areas in the community together and to the public open space areas.

As previously mentioned, the executed Agreement between Metropolitan Development Corporation and the Park District provides that MDC will dedicate the land for parks. Through a fee-on-sale from each dwelling, funds will be provided for development of the parks within financial capabilities of the Park District. A Park District tax on the assessed value of each residence will acquire revenue to maintain and operate the parks as they are built. In addition, a special assessment zone has been implemented to provide revenues for the maintenance of the open space.

Utilities

All utility systems necessary for the development of Oak Park are presently operating and are capable of expansion to meet the needs of the future community, according to the Oak Park Community Development Plan dated October of 1975. All utility systems are underground. TV antennas will not be necessary, as this service is provided by an underground cable leading to a community antenna.

Water—Water for Oak Park is supplied by the Metropolitan Water Company, a wholly owned subsidiary of Metropolitan Development Corporation. MWC receives water from the Calleguas Municipal Water District, which obtains all its water from the Metropolitan Water District of Southern California.

The Calleguas Municipal Water District's Lindero Feeder line runs through the center of the Oak Park site. The installation of pumping and metering stations and distribution lines will provide Oak Park with the required water. The pumping and metering stations are located at strategic points to benefit from the force of gravity in the pumping of

water to storage tanks. A 12-inch line has been constructed connecting the Calleguas line with the existing development and the existing water tank of one million gallon capacity. The water distribution system, as designed by Daniel, Mann, Johnson and Mendenhall, will consist of 6-inch, 8-inch, 10-inch, and 12-inch water mains. Two metering stations will be connected to the Lindero Feeder. Four pump stations and six storage tanks (capacity 6.1 MG) will be located within the system to maintain pressure. The allocation of water from the Lindero Feeder to be used within Oak Park is 6.46 MGD. Water consumption at ultimate development is projected at 4.123 MGD.

Sewer: The Triunfo County Sanitation District provides service to the Ventura County portion of Westlake Village, and the upper valleys in Ventura County such as the Oak Park site. This service area is defined by topographic characteristics because the principal constraint on the configuration of the sanitation system is gravity flow. The Triunfo District is presently operating an 18-inch line to the site at Kanan Road. Another 18-inch line exists approximately one-quarter mile south of the site at Lindero Canyon. Projected development of Oak Park increases average wastewater flows 2 MGD by 1991, requiring expansion of the Tapia Water Reclamation Facility, jointly used by the TCSD and the Las Virgenes Municipal Water District. (See Item 1, section (j), "Environmental and Other Governmental Regulations," for a discussion of the Tapia Treatment Plant.)

Electric Power: Southern California Edison Company has constructed a substation at the Kanan Road/Ventura Freeway intersection. Another substation will be required along the western border. These facilities are regarded as being adequate to serve the ultimate planned development of the area including the Oak Park site. All electrical lines in Oak Park are buried.

Telephone: Telephone service to Oak Park is provided by the Pacific Telephone Company.

Gas: The Southern California Gas Company, like the telephone and electrical companies, has the policy of accommodating land development. This utility absorbs the cost of installing necessary gas lines.

Storm Drain: The Ventura County Flood Control District has a cooperative program with the Los Angeles County District. All areas in the southeast

part of Ventura County drain into Los Angeles County. The Los Angeles District is completing an extensive improvement program in the area south of the Oak Park site.

Roads: The existing Kanan Road right-of-way is 108 feet wide for its entire length. Future additions will be 118 feet wide. This is sufficient for three lanes of travel in each direction with a 14-foot wide median strip and left turn pockets. All other dedicated streets in the existing development are a minimum of 51-foot right-of-ways with a minimum 32-foot wide road surface.

Other Utilities: A major regional natural gas pipe line and a products line owned by Shell Oil Company traverse the District.

Developer Activity

Developer activity throughout Southern California is monitored quarterly by the First American Title Insurance Company. Information is available for the Thousand Oaks Area (including Oak Park), and for the Westlake-Agoura Area of northwestern Los Angeles County. Statistics for these two areas provide a current and reliable measure of residential developer activity in the District and vicinity.

Stone and Youngberg Municipal Financing Consultants Inc. has compiled data pertaining to the above areas for the third quarter of 1977, the most recent information available. Results of this compilation are presented on page 27.

At the time of the survey, approximately 40 developers were active in the Thousand Oaks-Westlake-Agoura reporting areas. They had recorded 4,195 lots designated for residential development. Of this total, notices of completion were filed for 1,790 housing units and 1,677 units were reported sold. Largest developers were American-Hawaiian, Shapell Industries, Security Savings and Loan, Boise Cascade Corporation, Prudential Insurance Company, JBR Development Company, and the Larwin Company. These firms accounted for 2,095 recorded lots, or approximately half the total number.

The strong attraction of this area for developers is evident in the fact that there were 1,475 lots in excess of the reported unit completions, indicating a substantial backlog. Largest holding in this category was a 343-lot commitment by Shapell Industries at Oakridge Estates in Thousand Oaks.

DEVELOPER ACTIVITY, SOUTHEASTERN VENTURA COUNTY AND NORTHWESTERN LOS ANGELES COUNTY

As of Third Quarter, 1977

Subdivision	Developer	Number of Lots	Units Completed	Total Sales	Sold This Quarter
THOUSAND OAKS AREA, VENTURA COUNTY①					
SOLD-OUT TRACT TOTALS		6,082	5,932	6,032	—
Foxmoor Estates	American-Hawaiian	169	90	93	3
Country Place	Larwin Co.	214	144	173	45
Westlake Village	American-Hawaiian	255	206	196	15
Del Cerro Homes	Roger Boyar	98	58	56	0
Lynn Oaks	Security S & L	206	132	127	8
Lynn Ranch North	Ring Bros. Development	38	38	38	12
Wilshire Manor	Security S & L	102	38	56	38
Foxridge/Hollyfed	Prudential Ins. Co. et al.	180	180	74	31
Summerfield Homes	Standard Pacific-Ventura	56	56	50	0
Park Ranch	Park Ranch	16	6	6	2
Wildflower	W. R. Grace Properties Inc.	131	131	81	43
Chaparral Homes	Metropolitan Dev. Corp.	84	84	77	0
Oak Creek	California Community Bldrs.	60	33	16	16
Bridgegate Estates	Riegel Properties	12	12	3	3
Greenmeadow-P.U.D.	Greenmeadow Associates	113	0	0	0
Treetop Hill Townhomes	High Point Partnership	18	0	0	0
Lynn/Janss	Kendall Const. Co.	13	11	11	11
Summerfield	Standard Pacific-Ventura	56	42	30	30
Cypress/Greenmeadow	Dale Poe Devel. Co.	9	0	0	0
Ave de Los Arboles/Lynn	Ring Brothers	135	0	0	0
Highway 101/Kelly	Primo & Assoc.	13	0	0	0
Shadow Run	Warmington Development	89	0	0	0
Kelly/Newbury	Kelly Park	52	0	0	0
Westlake/Lakeview Canyon	Prudential Ins. Co.	76	0	0	0
Oakridge Estates	Shapell Industries, Inc.	343	0	0	0
Vista Conejo	McKeon Construction	103	0	0	0
Wildwood/Lynn	W. R. Grace Properties, Inc.	34	0	0	0
Gainsborough Oaks	Gainsborough Oaks	30	0	0	0
Michael/Borchard	A. B. Homes Inc.	39	0	0	0
Equestria Trails	Equestria Devel. Co.	14	0	0	0
Borchard/Lesser	Cal. Comm. Bldrs.-Enis	95	0	0	0
Summerfield	Standard Pacific-Ventura	40	0	0	0
Hendriy/Feather	Dover Glen Ltd.	29	0	0	0
Olsen/Sunset Hills	Cal. Fed. S & L	56	0	0	0
Running Springs Village Bl.	Michael Towbes Const.	45	0	0	0
TOTALS②		9,105	7,193	7,119	257
WESTLAKE-AGOURA AREA, LOS ANGELES COUNTY					
SOLD-OUT TRACT TOTALS		1,380	911	1,370	—
AGOURA					
Lake Lindero	R. A. Watt	88	17	20	0
Hillrise	Barclay-Hollander-Curci	158	152	142	0
Saratoga Hills	M. R. Fisher	23	20	17	0
Oak Valley	C. E. Braun	79	35	64	0
Lake Lindero	Boise Cascade	286	144	145	0
Fountainwood	J. B. R. Devel.	218	63	56	0
Lake Lindero Homes	Petkin Development	19	0	0	0
WESTLAKE					
Lakeshore Homes	Stan Swartz	129	69	106	0
Lakeview	Shattuck & McHone	49	29	40	0
Westlake Village—Estate Lots	American-Hawaiian	46	0	0	0
The Trails	Westlake Village	77	0	0	0
TOTALS③		2,552	1,440	1,960	0

① Includes Oak Park community.

② Includes all single family detached and planned unit developments with three or more lots recorded since October 1966.

③ Includes all single family detached and planned unit developments with ten or more lots recorded since October 1966.

Source: First American Title Insurance Company.

Developer activity in Ventura County is concentrated in the southeastern sector of the county. Approximately two-thirds of completed units and total

sales were in this region, while 68 percent of committed lots were found here. This is reflected in the tabulation below.

DEVELOPER ACTIVITY IN VENTURA COUNTY

Third Quarter 1977

Activity	Southeast County ^①	Coastal Areas ^②	North County ^③	Total County
	Percent of Total			
Number of Lots or Units	68.0%	28.9%	3.1%	100.0%
Notices of Completion	66.5	30.4	3.1	100.0
Total Recorded Sales	66.2	30.7	3.1	100.0
This Quarter's Recorded Sales	60.6	35.5	3.9	100.0

① Thousand Oaks-Simi-Moorpark-Camarillo.

② Ventura-Ojai-Oxnard-Port Hueneme.

③ Santa Paula-Fillmore.

CONEJO VALLEY— AGOURA AREA

Population and Housing

In January 1975 the State Department of Finance conducted a special census of Ventura County communities, in cooperation with local jurisdictions. Population of the Conejo Valley Planning Area was estimated to be 69,521. The County Planning Department has prepared a 1977 estimate of 79,839. The rapid growth of the Valley and its increasing share of county population are illustrated in the following tabulation of U.S. Census reports and recent estimates.

Year	Conejo Valley Population	Ventura County Population	Conejo Valley as Percent of County
1950	2,028	114,647	1.8%
1960	10,063	199,138	5.1
1970	52,350	378,497	13.8
1975 ^①	69,521	432,407	16.1
1977 ^②	79,839	459,351	17.4

^① January 1, 1975 special census by State Department of Finance.

^② January 1, 1977 estimate by Ventura County Planning Department.

The number of occupied dwelling units in the Conejo Valley has been estimated by the Ventura County Planning Department as follows: 1950—600; 1960—2,991; 1970—12,982; and 1977—26,270.

The Los Angeles County Department of Regional Planning prepares periodic estimates of population and housing units for Westlake and Agoura, communities immediately south of the District. These are shown above.

	1960 ^①	1970 ^①	1977 ^②
<u>Population:</u>			
Westlake	{ 2,623	6,417	11,465
Agoura		4,710	11,080
<u>Housing Units:</u>			
Westlake	{ 940	2,013	3,616
Agoura		1,345	3,646

① U.S. Census.
② January 1, 1977 estimate.

^① U.S. Census.

^② January 1, 1977 estimate.

Combining data for the Conejo Valley communities of Ventura County and the Westlake-Agoura areas of Los Angeles County, the total estimated population in the vicinity of the District at January 1, 1977 is 102,384 and the number of housing units is 33,532. Comparable figures from the 1970 U.S. Census are 63,477 and 16,340, indicating increases of 61 percent and 105 percent, respectively, in population and housing, during the seven-year interval.

The Los Angeles County Department of Regional Planning furnishes the following additional information concerning type of housing in the Westlake-Agoura areas at January 1, 1977:

	Single Units ^①	Mobile Homes	Multiple Units	Total
Westlake	2,631	179	806	3,616
Agoura	2,784	60	802	3,646

^① Includes both single and duplex units.

The Oak Park community will account for an estimated additional 18,000 persons and 5,913 new housing units between 1975 and 1991 (Final Environmental Impact Report prepared by Olson Laboratories, Inc., 1976). This represents an increase in

population and housing for the general area on the order of 15 percent of the January 1, 1977 base, as noted above.

Employment

Employment opportunities for District residents are largely found in the Conejo Valley, the San Fernando Valley, and Metropolitan Los Angeles, all conveniently accessible by freeway.

The Conejo Valley, the most rapidly developing portion of Ventura County, is expected to become a regional center of commercial activity and employment comparable to the Oxnard and Ventura areas. This transition was given strong impetus in the late 1950's, when the Ventura Freeway (U.S. 101) was completed through the Conejo Valley, providing a high-volume traffic connection with the San Fernando Valley and the Los Angeles Metropolitan Area. The Ventura Freeway now has eight lanes and passes through approximately one-half of the Valley. The City of Thousand Oaks, Newbury Park, and Westlake Village (Los Angeles County) house a number of manufacturing, commercial, and research firms which are well-established in the Valley.

Conejo Valley has approximately 1,200 acres zoned for light industry and research, principally in the Rancho Conejo and Westlake industrial parks. Major industries include computer technology, electronics, aerospace research and equipment, and plastics. A survey by the Conejo Valley Chamber of Commerce indicates the Valley has over 100 industrial companies employing more than 9,000 persons.

Typical sales prices for industrial land in 1977 ranged from \$20,000 to \$55,000 per acre. There is no land zoned for heavy industry in the Valley.

Among the area's large employers is Burroughs Corporation. The firm's plant at Westlake employs 850-1,000 in the production of magnetic tape transport and disc file memory units. This production facility, 426,000 square feet in area, is the firm's largest installation in the western region.

Bunker-Ramo Corporation's facility at Westlake, completed at a cost of \$8 million, includes a 300,000 square-foot structure on a 45-acre site. On-line data processing services and products, special purpose computers and displays, and communication devices are produced at this plant by its 747 employees.

Early in 1970, State Farm Insurance Company administrative offices for Los Angeles and Ventura

Counties were located in Westlake. Nearly 700 people are employed in the Company's 80,000 square-foot facility.

Important aerospace research and development activities in the Conejo Valley are carried out by Northrop-Ventura, Rockwell International, and Purolator, Inc. Northrop-Ventura, one of the largest employers in Ventura County, employs 925 people in the development of spacecraft landing systems, aircraft components, and underwater vehicle components at Newbury Park. The Science Center of Rockwell International, which employs 232, including highly trained scientists, carries out basic and applied materials research in Thousand Oaks. The Santa Susana Field Laboratory of Rockwell International, although located in the District, cannot be considered a source of employment for most District residents because of its remote location.

The four industrial parks in Conejo Valley are Rancho Conejo Industrial Park, Thousand Oaks Industrial Center, Newbury Park Industrial Plaza, and Westlake Industrial Park. They cover nearly 1,000 acres and contain more than 80 firms.

The largest employers in the Conejo Valley are listed on page 31.

Conejo Valley is within commuting distance of all major Ventura County industry as well as much of the industrial base of the Los Angeles Metropolitan Area. The 1975 special census for the Conejo Valley Planning Area indicated that more than 31 percent of the work force lived and worked in the planning area, over 9 percent worked in other parts of Ventura County, about 4 percent worked in Santa Barbara County, and the remainder commuted to jobs in the San Fernando Valley and other job centers in Metropolitan Los Angeles.

The U.S. Navy is the largest single employer in Ventura County. The Naval Construction Battalion Center at Port Hueneme and the Pacific Missile Test Center at Point Mugu employ a combined total of more than 9,300 civilians. Point Mugu employs many highly skilled professionals and scientists, who draw above average salaries. These defense installations are more fully described in the "Ventura County" section of this Official Statement.

At the state and local government level, principal employers are Ventura County, with approximately 4,700 employees, Camarillo State Hospital, which employs 1,900, and the county and local school districts.

CONEJO VALLEY

Largest Employers

Company	Product/Service	Employees
INDUSTRIAL:		
Burroughs Corp.	Magnetic tape units, disc file memories	850
Northrop Corp.	Target and tactical systems	925
Bunker Ramo Corp.	Information processing products and services	750
Semtech Corp.	Electronic components	550
Autologic	Typesetters, microfilmers, scanners	350
Fansteel Corp.	Plastic, ceramic armor and insulation	150
Raypak Co., Inc.	Hot water generators and heaters	285
Control Data Corp.	Connectors	250
Talley Corp.	Aircraft components	240
Teledyne Electronics	Military electronics	275
Purolator, Inc.	Filters and couplings	260
Elfab Corp.	Connectors	130
NONINDUSTRIAL:		
Conejo Valley Unified School District	Education	1,400
State Farm Insurance	Insurance	678
Los Robles Hospital	Medical facility	641
IBM Corp., Federal Systems Div.	Development for government projects	350
California Lutheran College	Four-year college	275
Westlake Community Hospital	Medical facility	420
Rockwell Int'l Science Center	Research	232
General Telephone Co.	Utility	200
Southern California Edison Co.	Utility	150
News Chronicle	Newspaper	160

Sources: Conejo Valley Chamber of Commerce and personal contact by Stone & Youngberg Municipal Financing Consultants, Inc.

The District forms part of the Ventura County Labor Market, which includes all of Ventura County. In October 1977 this labor market had a civilian labor force of 187,400 and provided 175,000 civilian jobs, representing increases of 5.5% and 6.3%, respectively, over the previous October. During the year the seasonally adjusted unemployment rate declined from 9.7% to 8.6%, and the unadjusted rate

decreased from 7.4% at October 1976 to 6.6% at October 1977.

Government jobs at all levels account for over one-fourth of total nonagricultural employment in Ventura County. Other principal sources of employment are retail trade (17%), services (15%), and manufacturing. Machinery and transportation equipment account for the bulk of factory jobs. Employment patterns in the county are shown on page 32.

VENTURA COUNTY

Wage and Salary Employment by Industry

Industry	October 1977	October 1976
Agriculture	16,800	15,200
Mining	2,200	2,100
Construction	5,000	4,500
Manufacturing—Durables	11,800	11,800
Manufacturing—Nondurables ..	6,500	6,400
Transportation, Utilities	4,700	4,600
Wholesale Trade	5,200	5,000
Retail Trade	23,000	22,800
Finance, Insurance, Real Estate	4,600	4,500
Services	20,500	20,400
Federal Government	9,600	10,000
State and Local Government ..	26,600	26,300
Total	136,500	133,600

Source: State Employment Development Department.

Commerce

Most of the Conejo Valley's commercial space is located within the City of Thousand Oaks, situated immediately west of the District. Major commercial areas are concentrated in five major shopping centers: Conejo Valley, Village Square, Park Oaks, Conejo Valley Plaza, and Westlake Village Center. Presently, the largest shopping center in Thousand Oaks is the Conejo Village Center with 400,000 square feet of retail area.

A new 1,200,000 square foot enclosed shopping center, "The Oaks," is scheduled to open in April 1978 at Thousand Oaks, a joint venture of Janss Corporation and the Ernest W. Hahn Co. It is located on a 90-acre site with an air-conditioned mall, and has The Broadway, Robinson's and the May Company as first major tenants. J.C. Penney Co. will open a department store in late 1979, and Bullock's anchors a third stage of development. Construction is expected to extend into the early 1980s. At full development, The Oaks will have 130 retail and service establishments, including the five major department stores noted above.

Taxable transactions data are available only for incorporated areas. To indicate the growth of commercial activity in the general area, taxable sales for neighboring cities are presented above.

Taxable Transactions

(\$000 Omitted)

Year	Thousand Oaks	Simi Valley	Camarillo
1973	\$120,307	\$ 68,486	\$50,072
1974	131,496	82,009	58,120
1975	159,455	87,910	60,327
1976	194,341	105,406	72,668
1977 (9 mos.) ..	174,581	91,503	61,951

Source: State Board of Equalization.

Building Permit Valuation

Building permit valuations are available only for cities. Permit values for the above cities are provided in the following tabulation.

Building Permit Valuation

(\$000 Omitted)

Year	Thousand Oaks	Simi Valley	Camarillo
1973	\$ 37,732	\$15,617	\$20,683
1974	26,605	8,653	7,820
1975	70,243	21,753	13,559
1976	105,762	33,210	42,015
1977	135,624	54,276	96,544

Source: *California Construction Trends*, Security Pacific Bank.

Transportation

The Ventura Freeway (U.S. Highway 101) connects the Valley with the Los Angeles metropolitan area and is California's main coastal route to Northern California. California Highway 23 (Thousand Oaks Freeway) links the Ventura Freeway in the Conejo Valley with the Simi Valley-San Fernando Valley Freeway (California 118) in the Simi Valley. Highway 118 extends north to Highway 126 in the Santa Clara River Valley. California Highways 118 and 126 intersect Interstate 5, California's main inland route between Northern and Southern California.

Motor freight service in and out of the Conejo Valley is available from nine local and interstate carriers. Overnight deliveries can be made to San Diego, San Francisco, and Sacramento. Rail service is provided by the Southern Pacific Railroad at Camarillo, approximately seven miles west of Thousand Oaks. The Ventura County Railway Co. serves Port Hueneme and intermediate industrial parks, connecting with Southern Pacific.

Greyhound Bus Lines serves the Conejo Valley with five trips daily in both directions between Los Angeles and Ventura. United Parcel Service provides daily pickup and delivery. A county-administered inter-urban bus service makes four round trips daily between Westlake Village and the Oxnard-Ventura area.

Air service is available at Van Nuys Airport, Hollywood-Burbank Airport (both in the San Fernando Valley), and at the Ventura County Airport in Oxnard, approximately 30 minutes driving time from Thousand Oaks. Service at the Ventura County Airport is provided by Golden West Airlines. Two commuter airlines, air freight, aircraft charter, and complete maintenance facilities for private aircraft are available at this airport. The County also operates an airport at Camarillo. Santa Paula Airport and Santa Susana Airport in Simi Valley are privately owned.

Los Angeles International Airport is 55 miles southeast via freeway. Great American Stageline operates eight round trips daily between the Los Angeles International Airport and the Conejo Valley, with stops at Thousand Oaks and Westlake Village.

Ocean vessel dock facilities are located approximately 25 miles west of the District at Port Hueneme, the only deep water port between Los Angeles and San Francisco. The port's facilities include wharf space capable of accommodating six major vessels at one time. Commercial shipping facilities are maintained by the Oxnard Harbor District.

Utilities

Electric power and natural gas throughout the Conejo Valley-Agoura area are provided by Southern California Edison Co. and Southern California Gas Co. General Telephone Co. of California and Pacific Telephone Co. serve the area. Pacific Telephone Co. also serves Ventura, Ojai, and the Simi Valley.

Education

In addition to the Oak Park Unified School District, other public school districts serving the general area are the Conejo Valley Unified School District (Ventura County), and Las Virgenes Unified School District (Los Angeles County). Enrollment data for these two school districts for the past five years are presented below.

CONEJO VALLEY UNIFIED SCHOOL DISTRICT Enrollment by Years

Year School	Elementary Grades (K-5)	Middle Grades (6-8)	Secondary Grades (9-12)	Total
1973/74 ^①	—	—	—	—
1974/75	12,963	6,029	—	18,992
1975/76	13,082	6,342	—	19,424
1976/77	13,462	6,741	—	20,203
1977/78 ^②	13,118	6,665	—	19,783

① Before unification.

② As of January 24, 1978.

Source: Conejo Valley Unified School District.

LAS VIRGENES UNIFIED SCHOOL DISTRICT Enrollment by Years

School Year	Elementary Grades (K-5)	Middle Grades (6-8)	Secondary Grades (9-12)	Total
1973/74	2,870	1,752	2,147	6,769
1974/75	2,921	1,983	2,483	7,387
1975/76	3,152	2,029	2,666	7,847
1976/77	3,132	2,108	2,849	8,089
1977/78	3,066	2,184	3,055	8,305

Source: Las Virgenes Unified School District.

There are a number of private and parochial schools in the area. St. Paschal's Catholic Elementary School and La Reina, a girl's high school operated by the Sisters of Notre Dame at Thousand Oaks, serve Catholic students in the area. There are Lutheran, Episcopalian and Seventh Day Adventist elementary schools as well as an Adventist High School. Among the private schools in the Valley are Newbury Park Academy (Adventist High School) and Robinayre Private School, Thousand Oaks.

Ventura County Community College District operates three campuses, with a combined enrollment of approximately 30,000 students. Ventura College, the original campus, serves the western part of the County. Moorpark College, opened in 1967, serves the eastern part. Serving the central coastal area is Oxnard College, opened in 1975 in temporary quarters. A permanent campus is now under construction. These two-year institutions award the Associate in Arts and the Associate in Science certificate in varied vocational and academic curricula.

Pierce College, a unit of the Los Angeles Community College District, is located a few miles southeast of the District at Woodland Hills. Enrollment exceeds 21,000 students.

California Lutheran College is a four-year liberal arts school located on an attractive 285-acre campus in Thousand Oaks. The college, which enrolls 2,385 students, offers majors in 25 fields and the Master's degree in Education, Administration of Justice, Business Administration, and Public Administration. Located at nearby Malibu is Pepperdine University.

In the San Fernando Valley is California State University, Northridge. With an enrollment of approximately 26,900, the University offers bachelor's degrees in 35 fields and master's degrees in 26. The University's FM station KCSN broadcasts public affairs programs, mostly of local origin. Extension courses are offered in Ventura County and Agoura.

The University of California at Los Angeles (UCLA) and the University of California at Santa Barbara can be reached in less than two hours from Conejo Valley.

Community Facilities

Conejo Valley-Agoura is served by eight banks maintaining 21 branch offices in the area: Bank of America (5), Security Pacific National Bank (5), Bank of A. Levy (2), Crocker National Bank (2), United California Bank (2), Independence Bank (2), Commercial and Farmers National Bank (2), and Barclays Bank. Additional financial services are available at 14 local savings and loan offices and 10 finance companies.

Conejo Valley has two general hospitals, Los Robles Hospital (220 beds) and Westlake Community Hospital (126 beds). The Valley also has two convalescent hospitals with a total of 185 beds.

Over 115 physicians, 65 dentists and 10 optometrists practice in the Conejo Valley.

The Conejo Library at Thousand Oaks is maintained by Ventura County. The county also operates the Westlake Elementary School Community Service Library and provides bookmobile service weekly in Oak Park at the Brookside Elementary School. Plans are underway by Ventura County to develop a new full-service library to serve the Conejo Valley. Los Angeles County maintains a library in Las Virgenes. KGOE Radio and KNJO-FM Stereo broadcast from the Valley. Residents have available several local newspapers, including the daily News Chronicle of Thousand Oaks, as well as metropolitan dailies from Los Angeles and San Francisco.

Conejo Valley has an active cultural life. California Lutheran College's arts, drama and music departments participate in community events. Over 18 cultural and 250 civic and service organizations are in the area. Each May there is a week-long celebration which includes a parade, carnival and rodeo celebrating the Valley's early history.

Recreation

Recreational facilities available to Conejo Valley residents cover a wide range of activities. Los Robles Greens, Westlake Village, and Sunset Hills maintain 18-hole championship golf courses. Late in 1975 the North Ranch Golf Course opened its first 18 holes. The course will be expanded to 27 holes. Lake Lindero Country Club, which adjoins Oak Park, is a private course. Lake Sherwood offers swimming, boating and fishing in a beautiful Santa Monica Mountain setting. The Las Posas Country Club, fifteen minutes from the Conejo Valley, offers full country club facilities including swimming, tennis and a championship golf course.

Other recreational attractions within Ventura County include the Los Padres National Forest and the 12,000-acre Point Mugu State Park, both with overnight camping facilities. Lake Casitas has an additional 450 camping spaces. Several fine beaches, from Ventura and Oxnard to Malibu and Zuma Beach, are less than a half-hour away. Channel Islands Harbor at Oxnard and the Ventura Marina provide boating facilities. Both marinas are expanding their facilities. Commercial sportfishing and scuba diving are available along the Ventura coast.

VENTURA COUNTY

The Portuguese navigator Juan Rodriguez Cabrillo was the first white man to visit the shores of what is now Ventura County in 1542. More than two centuries later, in 1782, Father Junipero Serra dedicated Mission San Buenaventura near the present City of Ventura.

Ventura County was established by the Legislature in 1872. The County encompasses an area of 1,865 square miles in a roughly five-sided configuration about 48 miles east to west and 55 miles north to south. Its southwest boundary, 42 miles in length, is formed by the Pacific Ocean coastline. It is bordered by Santa Barbara County to the west, Kern County to the north, and Los Angeles County to the east and south. Ventura is one of the five counties that comprise the Los Angeles Region.

Ventura County is an area of sharp physical contrasts. Approximately one and one-half times the size of the State of Rhode Island, the county rises from the fertile coastal plains to a rugged, arid interior reaching an elevation of 8,826 feet on Mt. Pinos. Of its total area, 53 percent is wilderness, nearly all of which lies within the Los Padres National Forest. The County's three principal rivers, the Santa Clara and Ventura Rivers and Calleguas Creek, drain the interior from east to west.

The 1970 Federal Census reported a County population of 378,497. This represented an increase of 90 percent since the decennial census of 1960. A special census by the State Department of Finance estimated the January 1, 1975 population of the County to be 432,407. The same source estimated a July 1, 1977 population of 468,600.

The economy of Ventura County is well diversified and not dependent upon any single industry. A wide range of governmental employment is available. Large governmental employers include the County, the State mental hospital at Camarillo, and the major U.S. defense installations at Point Mugu and Port Hueneme.

Aerospace component manufacture provides a major source of employment in the County. The largest employers in this industry include ABEX Corporation, Northrop-Ventura, and the Raytheon Company. Other major industries in the County include electric and electronic equipment, rubber and plastic products, machinery, food products, and printing and publishing.

There are nine cities in the County. Ventura, the county seat, is the third largest, with a January 1, 1977 estimated population of 66,700. The other cities are Oxnard (92,100), Simi Valley (71,500), Thousand Oaks (61,100), Camarillo (26,750), Santa Paula (18,850), Port Hueneme (17,550), Fillmore (8,425), and Ojai (5,925). Incorporated areas account for over 80 percent of total County population. Due to their proximity to Los Angeles County and employment opportunities nearby, the Cities of Thousand Oaks and Simi Valley have been Ventura County's fastest growing urban areas.

County Government

Ventura County is governed by a Board of Supervisors consisting of five members elected to represent five Districts (Oak Park is in District 2, which includes Camarillo, Thousand Oaks, Newbury Park, Westlake Village, and the South Coast). The Board appoints the County Executive, who administers day-to-day affairs. Elected officials are the Assessor, Auditor-Controller, County Clerk and Recorder, District Attorney, Sheriff, Superintendent of Schools and the Tax Collector/Treasurer/Public Administrator.

A new County Government Center is under construction in the City of Ventura. It is located south of the Santa Paula Freeway (State 126), between Victoria Avenue and Hill Road. Various County administrative functions, now dispersed in Ventura, will be relocated to the Center, which is scheduled for occupancy in mid-1978.

Population

U.S. Census data and current population estimates for the County were provided in previous paragraphs. The State Department of Finance has prepared the following projections of household population.

VENTURA COUNTY

Projected Household Population

	July 1, 1980	July 1, 1985	July 1, 1990	July 1, 1995
Household Population	492,300	566,500	644,800	720,600
Households	169,500	207,200	242,400	274,700
Persons per Household	2.90	2.73	2.66	2.62

Personal Income

A special countywide census in 1975 reported a median family income of \$14,600. The 1977 Survey of Buying Power (Sales Management) reports that median household effective buying income in the County for the year 1976 was \$14,899, compared with \$14,299 statewide. This source estimates that nearly 50 percent of all Ventura County households realized annual effective buying incomes of \$15,000 or more in 1976.

Agriculture

Rich soils, adequate water, and a mild climate in the coastal areas combine to make Ventura County a leading agricultural producer. The growing and

processing of agricultural products provides employment for an average of more than 12,000 persons in Ventura County.

Agriculture contributes at least \$700 million to the economy of Ventura County, according to studies by the California Department of Food and Agriculture, and ranks as the county's leading economic activity.

As reflected in the following tabulation, fruits and nuts account for the greatest share of farm output. Out of 61,964 acres devoted to these crops in the county 28,878 acres are in lemon orchards and 17,828 are planted to oranges. Other important Ventura County agricultural products are celery, strawberries, tomatoes, eggs, poultry and avocados. Gross values of agricultural production by years since 1972 are summarized below.

VENTURA COUNTY

Gross Value of Agricultural Production

Crop	1972	1973	1974	1975	1976
Fruits and nuts	\$105,005,800	\$144,838,100	\$142,244,200	\$162,212,100	\$141,764,700
Vegetables	73,246,500	75,919,600	83,302,600	107,016,100	104,321,800
Animal Products	26,689,800	34,942,300	55,252,000	50,733,000	56,697,100
Nursery Stock	7,313,600	9,275,100	12,657,800	13,276,200	16,033,500
Cut Flowers	2,116,200	3,167,800	3,208,800	1,860,700	2,259,200
Field Crops	4,735,800	9,139,200	9,018,400	10,279,300	9,014,100
Apiary Products	220,700	547,000	355,300	381,100	124,200
Total	\$219,328,400	\$277,829,100	\$306,039,100	\$345,758,500	\$330,214,600

Source: County Agricultural Commissioner.

According to the California Employment Development Department, 13,000 (6,750 seasonal) hired domestic workers were employed on Ventura County farms in 1976, and 14,430 (7,740 seasonal) in 1977.

Defense Installations

The Pacific Missile Test Center at Point Mugu is a national missile range operated by the United States Navy for the Department of Defense. Its mission is to provide range support for the Department of Defense and other government agencies in missile, satellite, and space vehicle research, development, testing and evaluation. Covering 4,600 acres, the Center has facilities for launching and tracking missiles and satellites, laboratories for research and development, and an environmental simulation complex capable of providing extreme pressures, temperatures, and stresses.

The Point Mugu complex employs 4,195 civilians and is staffed by 1,974 military personnel. Defense contractors maintain 1,257 representatives at Point Mugu. The total payroll, including all military, civilian, and contractor personnel, exceeds \$115 million annually. The Center estimates its contribution to the local economy at more than \$180 million.

The Naval Construction Battalion Center at Port Hueneme was established in 1942 as an advanced base support depot. It is one of two Seabee centers in the United States. The Center's mission is to provide complete logistic support services to Naval Construction operations deployed in the Pacific Ocean area or homeported at the Center.

Major tenant commands at the center include the Civil Engineering Laboratory, which is the principal Navy research, development, test and evaluation center for support of Navy and Marine Corps Construction Forces, the Naval Ship Weapons Systems Engineering Station, the Naval Construction Training Center, and the Naval Support Force Antarctica.

Average employment at the center approximates 3,500 military personnel and 4,800 civilian employees. The annual payroll exceeds \$95 million.

Port Hueneme

The only commercial deep-draft harbor between Los Angeles and San Francisco, Port Hueneme is owned and operated by the Oxnard Harbor District, an independent special district which was formed for the purpose of developing and operating the commercial terminal facilities. Port operations are sup-

ported by revenues derived from operating and tenant activities.

The port has three 600-foot deep-draft berths and a 36-foot entrance channel depth. The Oxnard Harbor District has an agreement with the Naval Construction Battalion Center for use of additional berths when required.

In 1976 the port handled more than 1.6 million short tons of cargo, over 90 percent of which was low-sulfur fuel oil. The fuel oil is used by Southern California Edison's power generating plant in Oxnard. Lumber, offshore oil equipment, and fish are the other principal types of cargo passing through Port Hueneme.

Major Taxpayers

Ventura County's ten largest taxpayers, based on 1976/77 assessment rolls, are listed below.

Taxpayer	Secured Taxes
Southern California Edison Co.	\$8,274,812
Getty Oil Co.	2,652,445
General Telephone Co.	2,523,691
Shell Oil Co.	2,370,181
Pacific Telephone Co.	1,957,626
Procter & Gamble Paper Products ...	1,433,325
Southern California Gas Co.	1,136,911
Continental Oil Co.	905,009
Rockwell International	902,314
Union Oil Co.	794,412

Source: Ventura County Treasurer-Tax Collector.

Oil and Gas

Ventura County ranks fourth both in oil production and gas production in California. Oil was first discovered in the county in the 1860's. California's first major oil well was drilled in 1892 at Santa Paula.

Getty Oil Company, Shell Oil Company, Continental Oil Company, Union Oil Company of California, Texaco, and Argo Petroleum Corporation are among the county's largest taxpayers. Other nationally known firms operating in this industry in Ventura County include Mobil and Atlantic Richfield.

Employers

Ventura County employers reporting under State Unemployment Insurance payroll programs had

115,118 eligible employees as of September 1976 and reported payrolls of \$292,588,981 for the third quarter of that year. The distribution of employers by specified number of employees is presented in the tabulation to the right.

Taxable Transactions

Taxable sales in Ventura County now approximate \$1.5 billion annually. Of the 2,649 new outlets added in the past four years, over 2,100 are non-retail establishments. This attests to Ventura County's growing industrial and commercial base. Annual taxable transactions since 1973 are presented in the tabulation below.

Construction Activity

Building permit valuation in Ventura County has been at record levels during the past two years. Residential construction permits have evidenced increasing strength in single family detached homes, as noted in the tabulation below.

VENTURA COUNTY EMPLOYERS

By Number of Employees^①

Number of Employees	Number of Employers
0-3	3,241
4-9	1,968
10-19	750
20-49	462
50-99	197
100-249	131
250-499	46
500-999	18
1,000 and Over	4
Total	6,817

① September 1976.

Source: California Employment Development Department.

VENTURA COUNTY

Taxable Transactions

(\$000 omitted)

Year	Retail Outlets		All Outlets	
	Permits	Transactions	Permits	Transactions
1973	3,067	\$ 700,138	7,610	\$ 903,106
1974	3,112	770,855	8,057	1,000,932
1975	3,236	867,556	8,785	1,143,809
1976	3,411	1,002,859	9,492	1,318,829
1977 (9 mos.)	3,583	871,748	10,259	1,132,029

Source: State Board of Equalization.

VENTURA COUNTY

Building Permit Valuation

Year	Value (\$000 omitted)			Number of Dwelling Units	
	Residential	Nonresidential	Total	Single-Family	Multi-Family
1972	\$144,806	\$ 42,075	\$186,881	4,044	3,407
1973	125,374	54,239	179,613	2,565	3,038
1974	81,758	43,919	125,677	1,808	888
1975	179,417	45,712	225,129	3,608	1,291
1976	328,700	60,759	389,459	6,021	2,515
1977	370,775	133,869	504,644	6,745	1,763

Source: California Construction Trends, Security Pacific Bank.

METROPOLITAN DEVELOPMENT CORPORATION

The information on the following pages concerning the Metropolitan Development Corporation (hereinafter referred to as MDC) is provided because of the Company's substantial land development in the District. The information is taken from Items 1 through 3 and 5 of MDC's annual report on Form 10-K for the fiscal year ended December 31, 1977.

ITEM 1. Business.

(a) General Development of Business.

Metropolitan Development Corporation ("Registrant" herein) was incorporated under the laws of the State of Delaware in 1959. Its principal business from 1959 to 1970 was the development of planned communities through the acquisition, planning and subdivision of large tracts of unimproved land, construction, leasing and management of commercial properties, and the construction and sale of residential units, in Los Angeles and Ventura Counties, California. During this period Registrant increased its property holdings through purchases and through acquisition and merger with other companies.

A wholly-owned subsidiary, Metropolitan Water Company ("Water Company" herein), was formed in 1960 to provide an adequate water supply to a tract of land known as Oak Park, one of Registrant's proposed planned communities in Ventura County. (For further discussion of the Water Company, see Item 1(b) hereof.)

In 1970, a decision was made to concentrate the business of Registrant primarily on the construction and sale of residential units as part of planned communities or residential subdivisions. Accordingly, Registrant implemented a program of disposition of its commercial and

residential income-producing properties. By December 31, 1977, all but one of these properties had been sold.

While focusing its operations on the construction and sale of residential units, Registrant has expanded its operations geographically. It continues to develop residential units in Los Angeles and Ventura Counties. In addition, in 1972, Registrant began construction of residential units in Clark County, Nevada through a wholly-owned subsidiary, Metropolitan-Nevada Corporation. The Nevada market has been a growing part of Registrant's business since that time. From 1973 through 1975, Registrant constructed residential units in the Tucson, Arizona area. Although the Tucson project was a profitable operation, the sales volume generated did not justify the resources devoted to it. In 1975, Registrant sold or optioned its remaining properties and discontinued operations in Arizona. During 1977, Registrant re-examined the Arizona market and concluded that the economic climate for development in Arizona had substantially improved. In December of that year, Registrant re-entered the Arizona market through the formation of Metropolitan Development Corporation of Arizona, a wholly-owned subsidiary and the concurrent acquisition of developable land in the City of Scottsdale, Arizona.

(b) Principal Products, Markets and Methods of Distribution.

The principal business of Registrant is the subdivision and development of tracts of unimproved real property as planned communities and residential subdivisions and the sale of residential units which it constructs therein. From time to time, Registrant sells improved lots and commercial parcels as part of the general plan of development for its residential projects. Registrant directly and through its subsidiaries conducts its activities primarily in Los Angeles and Ventura Counties, California, and in Clark County, Nevada. During 1977, Registrant decided to re-enter the Arizona market which it left in 1975. In December, 1977, pursuant to this decision, Registrant acquired approximately 30 acres in the City of Scottsdale, Arizona on which it will construct residential units.

Marketing of Registrant's residential units is done through independent brokers in each local area in which Registrant's residential units are situated. These independent brokers work on a commission basis.

In 1970, Registrant adopted a policy of disposing of the commercial properties and certain parcels of unimproved

and partially improved parcels then held by it. Pursuant to this policy, Registrant has sold these properties as market conditions and buyer interest warranted. As of December 31, 1977, a limited number of the properties selected for sale were still held by Registrant (See Item 3(b)(2) and (3)). In addition, portions of some of the tracts presently held by Registrant for residential development are zoned for commercial purposes. These commercial parcels may be developed as part of the planned communities and residential subdivisions of which they are a part.

The Water Company, a California public utilities corporation, was granted a certificate of public convenience and necessity by the Public Utilities Commission, State of California, to extend, construct and operate a public utility water system in Oak Park where the Water Company currently supplies water to approximately 762 customers. Registrant anticipates that the Water Company will eventually provide service for all of Oak Park when developed.

(c) Sources and Availability of Raw Materials.

The raw materials required by Registrant in its operations consist primarily of developable land and building materials. Due to the promulgation of building, zoning and environmental regulations, at the federal, state and local levels, especially in Registrant's Southern California markets, the quantity and type of developable land available

for development with a minimum of building, zoning and environmental regulation is limited and subject to highly competitive bidding by real estate developers. (For further discussion of competitive factors affecting acquisition of developable land see Item 1(h) hereof). Developable land which has been the subject of regulatory review and has received all regulatory approvals necessary for construction to begin has, by reason of the increased demand, increased in value. Developable land which is subject to a high degree of regulation is, depending upon the degree and nature of such regulation and the time required for compliance, more costly to develop.

In Registrant's experience, required building materials generally can be obtained. During the final quarter of 1977, Registrant experienced some shortages of customarily available building materials, principally concrete products, insulation and wallboard, causing delays in the completion of residential units. These shortages may persist during the current boom in residential construction but Registrant does not anticipate the shortages will have a material adverse impact on its construction schedule. The procurement of building materials needed by subcontractors to complete their contracts with Registrant is normally the responsibility of the subcontractor.

(d) Licenses.

The Water Company operates in Oak Park, California (more fully described in Item 1(b) hereof) under a certificate of public convenience and necessity and a franchise granted by the Public Utilities Commission, State of California, and the County of Ventura, California. Registrant maintains general contractors' licenses issued by the states in which it does business on an as needed basis.

Registrant must obtain permits and authorizations for specific planned communities or subdivisions from governmental and regulatory agencies which have jurisdiction over various aspects of such development. Obtaining such approval is conditioned in many instances on complying with governmental regulations. As a result of the high rate of real estate development activities in Ventura County, the processing time for obtaining necessary approvals from the appropriate county agencies continues to be lengthy, thus extending development time prior to the start of construction in Registrant's projects in Ventura County, particularly Oak Park.

(e) Seasonal Aspects.

Registrant's operations are affected by the seasons to the extent that during winter months the rate of sales of residential units by all developers is historically lower

than during the remainder of the year. However, during the winter of 1977, this pattern was less noticeable. The seasonal effect on Registrant's sales during that period was minimal.

Construction of residential units has been substantially delayed during the winter of 1977-78 due to inclement weather in Registrant's markets, particularly in Southern California. The full effect of the delays has not yet been determined by Registrant, but it is anticipated that delivery of residential units in 1978 will be reduced to some extent.

(f) Customers.

Registrant's business is not dependent on any single customer or group of customers. While the increasing cost of residential units has made it more difficult for potential purchasers of Registrant's residential units to afford residential units, the limited availability of housing in Registrant's markets has appeared to increase competition for new housing and to increase the price thereof.

(g) Backlog.

At December 31, 1977, Registrant had, to the extent it can be considered backlog, residential units with purchase prices aggregating approximately \$8,600,000 not yet fully constructed but subject either to a purchaser's

reservation of the future right to purchase the residential unit (which is cancellable at the purchaser's option) or to a binding agreement of sale between purchaser and Registrant. As of December 31, 1976, residential units with purchase prices aggregating \$16,000,000 were similarly subject to reservations or agreements of sale. The number of residential units subject to reservations or agreements of sale varies, in Registrant's experience, from year to year depending upon the point in the development process at which its projects stand at year end, and the stage of development of a project at which Registrant accepts reservations and agreements of sale for its residential units. Due to recent inflationary pressures, Registrant currently has a policy of delaying marketing of its residential units in order to obtain a more accurate appraisal of market conditions.

It is expected that, except for possible cancellations of reservations, sales of such residential units subject to reservations and agreements of sale will be completed during 1978.

(h) Competitive Conditions.

The real estate development and residential construction business in the geographic areas in which Registrant is active is generally highly competitive. In the greater Las Vegas, Nevada area and in the City of Scottsdale, Arizona,

a substantial number of competitors operate, none of which appears to have a dominant position in their respective markets. In the Southern California market, a great many competitors operate, no one of which, by itself, appears to dominate the market. Due to the increase in the demand for housing in the Southern California area, development activity continued to expand in 1977.

Two general competitive factors operate in the business of constructing and selling residential units: the purchase of developable land and the marketing of completed residential units. The financial strength of a real estate developer, its net assets and liquidity, determines, in large measure, its ability to compete for developable land. Developable land purchased for cash can generally be acquired at more favorable prices than developable land purchased with partial financing by the seller. However, financial backing from savings and loans or other lending institutions, in exchange for an equity participation, is also available to developers for purchases of developable land. Therefore, the developer with less economic resources than its competitor is not precluded from purchasing available developable land. Competition among developers in the Southern California area for available developable land which has been the subject of regulatory review and has received all appropriate regulatory approvals has caused this land to increase in value.

Many factors determine the marketability of a particular residential unit: the geographic location, the design and quality of the residential unit, the availability and cost of both interim and permanent financing, presentation of the finished residential unit (including advertising, the attractiveness of model residential units and the quality of sales personnel) and post-sale customer relations. In Registrant's opinion it competes effectively with other real estate developers in the acquisition of developable land, and the marketability of completed residential units.

Rate of development is sometimes impeded by temporary shortages of skilled labor for which subcontractors used by developers must compete. Registrant's subcontractors were subject to shortages of this type during the past year but the scarcity did not have a material adverse impact on any development under construction.

Any advantage that large developers may have in terms of financial strength is mitigated by the developer's need for a detailed understanding of a local area in order to successfully develop and market residential units in that area. This understanding includes knowledge of and familiarity with local governmental agencies and the procedures of such agencies, familiarity with local labor unions and a knowledge of local potential purchasers, their habits and tastes. In

this respect, all developers, regardless of size or financial position, require the same background in order to successfully compete in a given area. Developers entering new markets are initially at a disadvantage until they are able to establish their credibility with quality subcontractors and material suppliers, local governmental agencies and local labor unions.

(i) Research and Development.

Registrant continually surveys and researches market conditions to determine the salability of proposed types of residential units in an area to be considered for development. Such surveys and research are generally conducted by executives and staff of Registrant as part of their normal duties and Registrant does not allocate separate costs thereto. In addition, Registrant subscribes to and relies on manufacturer and trade publications for such information.

(j) Environmental and Other Governmental Regulations.

Registrant's operations are subject to building, zoning, financing and environmental regulations on the federal, state and local levels. Environmental regulations are particularly pervasive in the Southern California area. Compliance with environmental regulations and standards and

the preparation of environmental impact reports and statements, which require the retaining of environmental specialists, engineers and other consultants, and substantial involvement of management and counsel of Registrant, have increased the cost and length and the period of development of Registrant's projects in California. However, such compliance has no material impact on the competitive position of Registrant since all developers in each area are subject to the same regulations.

From time to time governmental agencies may impose moratoriums on development due to such problems as limited water supplies or inadequate sewage treatment facilities. Currently, no such moratoriums are in effect with respect to any developments of Registrant.

The Oak Park development is served by the Tapia Treatment Plant of the Las Virgenes Municipal Water District (the "District" herein) for waste disposal. In order to meet the growth expected in Oak Park and other areas served by it, the plant will have to expand in the future. Bonds authorized for this purpose together with funds provided pursuant to available state and federal water pollution control grants and funds derived from sewage connection fees charged by the District will provide sufficient funds for future expansion. The Tapia Treatment Plant has disposed of its

effluent (treated waste) by creek discharge in the winter and spray fields and seepage pits in the summer. Some controversy, however, exists relative to discharge of additional effluent to be generated by this plant. A recent decision by the California State Water Resources Control Board has permitted the year-round discharge of effluent into an adjacent creek bed for a period up to 18 months to permit 12 months of testing and up to an additional 6 months of evaluation of the environmental effect of such discharge. Further year-round discharge will depend upon the results of such testing and evaluation and, if the results are not positive, the rate of development thereafter could be adversely affected unless alternative methods of discharge are found.

(k) Number of Employees.

As of December 31, 1977, Registrant employed forty-four (44) persons full time.

ITEM 2. Summary of Operations.

Information required by this Item is furnished as a portion of Registrant's financial statements filed as a part of this Annual Report under Item 13 and incorporated herein by this reference.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE
SUMMARY OF OPERATIONS

Sales volume for 1977 increased by \$14,900,000 as compared to a \$9,200,000 increase for 1976 over 1975 (including joint venture sales). The increases were due primarily to a greater number of houses being delivered during 1976 and 1977. Development of larger homes and general inflation were also factors which contributed to increased sales volume. In 1977, 64% of the sales were realized from Southern California developments and the balance from developments in the Las Vegas area. The Oak Park project contributed only 5% of the sales volume in 1977 since few homes were delivered there during that year; however, four subdivisions were being processed by the County of Ventura and are currently under construction. In 1976, sales from Southern California contributed 62% of sales volume with sales in Las Vegas and Tucson comprising the balance.

Cost of sales during 1976 and 1977 rose in response to increases in the number of homes delivered as well as to inflation. However, the ratio of costs to sales decreased from 86% in 1975 to 78% and 76% in 1976 and 1977, respectively. This was due in part to the savings in marketing and financing costs realized as a result of the exceptionally strong demand for homes during the past three years, which may not necessarily continue in the future.

General and administrative expenses increased 54% from 1975 to 1976 and 45% from 1976 to 1977, due in part to higher costs of products and services. Also, additional personnel were necessary because of the greater volume of business, additional administrative requirements arising from further regulation of real estate development and broader disclosure requirements for publicly held companies. However, the ratio of expenses to sales volume decreased from 7.4% in 1975 to 4% in 1976 and 3.5% in 1977.

Interest and other income varies with the amount of temporary funds available for investment as well as applicable interest rates on certificates of deposit and other money market instruments.

Interest and property taxes on land held for development decreased by 9% from 1976 to 1977 and increased by 14% from 1975 to 1976. These costs fluctuate with the amount of property held in inventory and property tax and interest rates.

Income from discontinued operations includes both the gains and losses realized upon the disposal of rental property as well as the income or loss from operation of those properties. During 1977, all but one of the remaining rental properties were sold.

The credits arising from the utilization of tax benefit carryovers vary from year to year depending upon the differences between financial and tax accounting for the cost basis of property sold during the year (see notes to the financial statements).

ITEM 3. Properties.

(a) Administrative Office Facilities

Registrant leases an aggregate of 5467 square feet of office space at 8447 Wilshire Boulevard, Beverly Hills, California for its executive and administrative offices. Such space is occupied pursuant to five separate rental agreements: 4,309 square feet pursuant to a lease which expires February 28, 1982; 187 square feet pursuant to a lease which expires November 30, 1978; 518 square feet pursuant to a lease which expires February 29, 1980; 216 square feet pursuant to a sublease which expires August 31, 1978; and 237 square feet on a month to month basis.

(b) Property Held as Inventory

The material physical properties owned in fee by Registrant constitute the inventory of Registrant. Registrant is not in the business of purchasing land for investment; however, a few parcels, although not originally acquired for such purposes, are currently being held for future disposition.

Following is a list of property held by Registrant as of December 31, 1977:

(1) Property Held For Or Under Development.

(A) Ventura County, California.

(i) Approximatley 1,822 acres of real property located next to the Los Angeles County line ("Oak Park" herein) out of an original total of approximately 2,650 acres. Registrant has recorded three final tract maps covering approximately 19 acres on which 163 residential units are currently being constructed. Registrant has also filed three tentative tract maps covering approximatley 74 acres and is engineering the development of a substantial portion of the remainder. During 1977, Registrant completed development and sale of one subdivision in Oak Park (see subparagraph (ii) immediately below) and dedicated approximatley 32 acres of Oak Park to the Simi Valley Recreation and Park District.

(ii) Four (4) residential units which were used as sales models, out of an original 83 residential units constructed on approximatley 29 acres which were part of the 2,650 acres of Oak Park. Two (2) additional lots are being held for future use.

(iii) Ten (10) residential units, six of which were in sales escrow and two of which were used

as sales models, out of an original total of 272 residential units constructed on approximately 68 acres of real property located in an unincorporated area known as Moorpark.

(iv) Approximately 8.5 acres of real property located adjacent to the Moorpark property (see subparagraph (iii) above) on which Registrant plans to develop 40 residential units. A final tract map was recorded for this subdivision during 1977.

(B) Clark County, Nevada (Within the Greater Las Vegas Area).

(i) Two (2) lots out of an original total of approximately 20 acres of real property, both of which are currently being developed.

(ii) Four (4) residential units which were used as sales models, out of an original total of 167 residential units constructed on a portion of approximately 35 acres of real property. An additional lot is being developed with a residential unit and another additional lot is reserved for possible future use as a sales model.

(iii) One (1) residential unit, out of an original total of approximately 10 acres on which 44 residential units have been constructed.

(iv) One hundred seven (107) residential units of which 29 were in sales escrow, out of an

original total of 166 residential units constructed on approximately 40 acres of real property.

(v) Four (4) residential units, all of which were used as sales models, out of an original 48 residential units constructed on approximately 50 improved lots. Two (2) additional lots are reserved for possible future use.

(vi) Fifty-one (51) residential units, of which 23 were in sales escrow, out of an original total of 105 residential units constructed on 105 improved lots.

(vii) Forty-nine (49) improved lots, on which 49 residential units are currently under construction. Four (4) of those units were in sales escrow.

(viii) Forty-nine (49) improved lots purchased by Registrant in February, 1978 on which Registrant plans to construct forty-nine (49) residential units for sale.

(ix) Approximately 72 acres of real property of which nine acres are zoned for commercial use, on which Registrant plans to construct 331 residential units for sale.

(x) Approximately 68 acres of real property, on which Registrant plans to construct 442 residential units for sale.

(C) City of Scottsdale, Arizona.

Approximately 30 acres of real property purchased by Registrant in December, 1977, on which Registrant plans to construct 108 residential units.

(2) Commerical Property Held For Disposition.

Registrant holds a fee ownership in a one-story building in Canoga Park, California, containing one store.

(3) Unimproved and Partially Improved Property Held For Disposition.

(A) Approximately 79 acres of unimproved real property located in Pima County, Arizona subject to an option to purchase which was exercised by the option holder during 1977. Escrow closed and the sale was completed in January, 1978.

(B) Approximately 13 acres of partially improved real property in Pima County, Arizona, zoned for multi-family residential use, subject to an option to purchase which was exercised by the option holder during 1977. Escrow closed and the sale was completed in January, 1978.

(C) One parcel of 1.9 acres of partially improved real property zoned partially for commercial and partially for parking use, located in the Canoga Park section of Los Angeles, California.

(D) One parcel of approximately .5 acre of partially improved real property zoned for commercial use located in Lakewood, California.

(E) One parcel of .5 acre of unimproved real property in Calabasas, California.

(F) Approximately 1 acre of unimproved real property in the San Fernando Valley, California, which in Registrant's opinion is not presently developable.

ITEM 5. Pending Legal Proceedings.

Registrant has been named as a party to the following legal proceeding which is currently pending:

On October 22, 1976 an action was filed in the Los Angeles County Superior Court against Registrant by Royce E. Gum and Danny K. O'Neal. The plaintiffs are residents of Oak Park. The plaintiffs allege that Registrant through its construction activities in Oak Park created a nuisance and inflicted severe emotional distress on the plaintiffs which activities, plaintiffs allege, were engaged in with the intent to annoy and harass the plaintiffs. The plaintiffs are seeking general damages in the sum of \$62,000 and punitive damages in the sum of \$3,000,000. This litigation is being defended by insurers of Registrant under insurance agreements, and it is the opinion of defense counsel that the case is of

doubtful liability as to the allegation of nuisance and probably a nonsuit as to the allegation of intentional infliction of emotional harm. Insurers of Registrant indicate that it is their present position that the policy of insurance involved herein does not afford coverage for damages resulting from intentional acts or damages which are punitive in nature. Counsel for Registrant's insurer has recently recommended rejection of a settlement offer by plaintiffs in the amount of \$12,000.

Other than as indicated above, Registrant is not a party to any material pending legal proceedings.

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FINANCIAL STATEMENTS

Following are financial statements and accompanying notes of Metropolitan Development Corporation and Subsidiaries for the years ended December 31, 1976 and December 31, 1977 as audited:

BRAVERMAN, CODRON & CO.
Certified Public Accountants
233 South Beverly Drive
Beverly Hills, California 90212

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METROPOLITAN DEVELOPMENT CORPORATION AND SUBSIDIARIES
Beverly Hills, California

ANNUAL REPORT FOR CORPORATION - FORM 10-K
Two years ended December 31, 1977

CONSOLIDATED FINANCIAL STATEMENTS
and
ACCOUNTANTS' REPORT

METROPOLITAN DEVELOPMENT CORPORATION AND SUBSIDIARIES
FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION
Year ended December 31, 1977

INDEX

ACCOUNTANTS' REPORT

CONSOLIDATED FINANCIAL STATEMENTS:

Balance Sheet - December 31, 1977 and 1976

Stockholders' Equity

Two years ended December 31, 1977

Operations

Five years ended December 31, 1977

Changes in Financial Position

Two years ended December 31, 1977

Notes to Financial Statements (1 - 8)

ADDITIONAL FINANCIAL INFORMATION FURNISHED PURSUANT TO THE REQUIREMENTS
OF FORM 10-K:

SCHEDULES:

V - Property, Plant and Equipment

Two years ended December 31, 1977

VI - Accumulated Depreciation of Property, Plant and Equipment

Two years ended December 31, 1977

IX - Bonds, Mortgages and Similar Debt

December 31, 1977

XVI - Supplementary Profit and Loss Information

Two years ended December 31, 1977

All other schedules are omitted because they are inapplicable, not required,
or the information is included in the financial statements or notes thereto.

BRAVERMAN, CODRON & Co.

CERTIFIED PUBLIC ACCOUNTANTS

233 SOUTH BEVERLY DRIVE
BEVERLY HILLS, CALIFORNIA 90212

SAUL BRAVERMAN, C. P. A.
IRVING CODRON, C. P. A.
JOSEPH SCHULMAN, C. P. A.
JOE TOGIOKA, C. P. A.
PAUL D. KUPERSTEIN, C. P. A.
RICHARD M. TEICHNER, C. P. A.
RICHARD A. FELLNER, C. P. A.

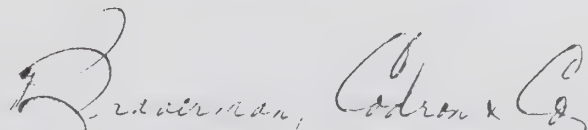
AREA CODE 213
272-8456 • 278-5850

ACCOUNTANTS' REPORT

The Board of Directors and Stockholders
Metropolitan Development Corporation

We have examined the consolidated financial statements and related schedules of Metropolitan Development Corporation and subsidiaries as listed in the accompanying index. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the aforementioned financial statements present fairly the financial position of Metropolitan Development Corporation and subsidiaries at December 31, 1977 and 1976, the results of their operations for the five years then ended and the changes in their financial position for the two years then ended, in conformity with generally accepted accounting principles applied on a consistent basis. Further, in our opinion, the supporting schedules present fairly the information set forth therein.


Certified Public Accountants

Beverly Hills, California
February 18, 1978

METROPOLITAN DEVELOPMENT CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET

ASSETS

	<u>December 31,</u>	
	<u>1977</u>	<u>1976</u>
CASH AND SHORT-TERM INVESTMENTS (Note 2):		
Unrestricted	\$ 3,535,495	\$ 4,333,269
Restricted	<u>308,322</u>	<u>289,320</u>
Total cash	<u>\$ 3,843,817</u>	<u>\$ 4,622,589</u>
RECEIVABLES:		
Notes secured by real property (including amounts due in one year of \$165,371 for 1977 and \$665,041 for 1976)	\$ 956,521	\$ 1,516,610
Other receivables	<u>484,067</u>	<u>311,729</u>
Total receivables	<u>\$ 1,440,588</u>	<u>\$ 1,828,339</u>
PROPERTY UNDER DEVELOPMENT AND HELD FOR DEVELOPMENT (Note 1B):		
Inventory of property under construction (Note 4)	\$ 9,689,266	\$ 8,784,882
Land held for development or sale (Note 3)	<u>8,722,362</u>	<u>5,342,316</u>
Total	<u>\$18,411,628</u>	<u>\$14,127,198</u>
UTILITY PLANT AND OTHER EQUIPMENT:		
Cost (net of accumulated depreciation of \$135,316 for 1977 and \$110,472 for 1976) (Note 1C) (Schedules V and VI)	<u>\$ 760,625</u>	<u>\$ 663,072</u>
RENTAL PROPERTY:		
Cost (net of accumulated depreciation of \$67,752 for 1976) (Notes 1C and 6) (Schedules V and VI)	<u>\$ 10,537</u>	<u>\$ 137,885</u>
Prepaid expenses	<u>\$ 210,500</u>	<u>\$ 108,245</u>
Deferred expenses and other assets	<u>\$ 276,160</u>	<u>\$ 400,809</u>
	<u>\$24,953,855</u>	<u>\$21,888,137</u>

See accompanying notes to consolidated financial statements.

LIABILITIES AND STOCKHOLDERS' EQUITY

	<u>December 31,</u>	
	<u>1977</u>	<u>1976</u>
LIABILITIES:		
Notes payable, secured by: (Schedule IX)		
Land held for development (Note 3)	\$ 7,604,474	\$ 6,600,000
Property under construction (Note 4)	2,929,688	5,052,186
Other property	11,203	37,417
Note payable - Unsecured	50,000	-
Accounts payable	2,011,450	2,386,969
Accrued liabilities	451,315	355,465
Dividend payable	242,072	-
Income taxes:		
Current	2,310,621	1,282,250
Deferred (Note 5)	56,720	297,637
Deferred income	<u>37,664</u>	<u>45,504</u>
Total liabilities	<u>\$15,705,207</u>	<u>\$16,057,428</u>
STOCKHOLDERS' EQUITY:		
Capital stock at \$1 par value per share (Note 7):		
Authorized - 2,500,000 shares		
Issued - 1977 - 1,862,096 shares, 1976 - 1,771,096 shares	\$ 1,862,096	\$ 1,771,096
Additional paid-in capital	3,906,857	3,892,130
Retained earnings	<u>3,479,695</u>	<u>167,483</u>
Stockholders' equity	<u>\$ 9,248,648</u>	<u>\$ 5,830,709</u>
	<u>\$24,953,855</u>	<u>\$21,888,137</u>

METROPOLITAN DEVELOPMENT CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
Years ended December 31, 1977 and 1976

	<u>Common stock</u>	<u>Additional paid-in capital</u>	<u>Retained earnings (accumulated deficit)</u>	<u>Total</u>
Balance, January 1, 1976	\$1,747,096	\$3,865,089	\$(1,424,097)	\$4,188,088
Net income for year ended December 31, 1976	-	-	1,591,580	1,591,580
Exercise of employee stock options	<u>24,000</u>	<u>27,041</u>	<u>-</u>	<u>51,041</u>
Balance, December 31, 1976	\$1,771,096	\$3,892,130	\$ 167,483	\$5,830,709
Net income for year ended December 31, 1977	-	-	3,554,284	3,554,284
Exercise of employee stock options	91,000	14,727	-	105,727
Cash dividend declared - \$.13 per share	<u> </u>	<u> </u>	<u>(242,072)</u>	<u>(242,072)</u>
Balance, December 31, 1977	<u>\$1,862,096</u>	<u>\$3,906,857</u>	<u>\$ 3,479,695</u>	<u>\$9,248,648</u>

See accompanying notes to consolidated financial statements.

METROPOLITAN DEVELOPMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF OPERATIONS

Five years ended December 31, 1977

	1977	1976	1975	1974	1973
Income:					
Sales	\$36,623,584	\$21,687,632	\$7,662,987	\$7,456,750	\$5,656,234
Income (loss) from joint ventures	5,424	13,667	310,519	(90,720)	4,505
Total income	\$36,629,008	\$21,701,299	\$7,973,506	\$7,366,030	\$5,660,739
Costs and operating expenses:					
Cost of sales	\$27,935,877	\$17,032,359	\$6,679,769	\$6,353,911	\$4,865,219
Interest on construction in progress	426,733	402,373	218,960	235,510	163,369
Less interest capitalized (Note 1B)	(403,883)	(374,600)	(209,902)	(235,510)	(163,369)
General and administrative expenses	1,266,161	874,753	566,339	542,401	487,741
Total costs and operating expenses	\$29,224,888	\$17,934,885	\$7,255,166	\$6,896,312	\$5,352,960
Operating income	\$ 7,404,120	\$ 3,766,414	\$ 718,340	\$ 469,718	\$ 307,779
Interest and other income	232,830	216,903	277,822	389,841	361,995
	\$ 7,636,950	\$ 3,983,317	\$ 996,162	\$ 859,559	\$ 669,774
Interest and property taxes on land held for development	780,085	857,354	754,549	714,570	714,555
Income (loss) from continuing operations before income taxes	\$ 6,856,865	\$ 3,125,963	\$ 241,613	\$ 144,989	\$ (44,781)
Provision (credit) for income taxes	3,515,500	1,592,100	110,660	75,000	(21,000)
Income (loss) from continuing operations	\$ 3,341,365	\$ 1,533,863	\$ 130,953	\$ 69,989	\$ (23,781)
Discontinued operations (Net of income taxes) (Note 7):					
Income from operation of rental properties	\$ 12,114	\$ 14,117	\$ 11,565	\$ 17,963	\$ 11,775
Gain (loss) from sale of rental properties	178,605	-	118,366	(114,238)	276,372
Income (loss) from discontinued operations	\$ 190,719	\$ 14,117	\$ 129,931	\$ (96,275)	\$ 288,147
Income (loss) before extraordinary item	\$ 3,532,084	\$ 1,547,980	\$ 260,884	\$ (26,286)	\$ 264,366
Extraordinary item:					
Credits arising from utilization of tax benefit carryovers (Note 6)	22,200	43,600	7,700	91,000	160,000
Net income	\$ 3,554,284	\$ 1,591,580	\$ 268,584	\$ 64,714	\$ 424,366
Earnings (loss) per common share (Note 1G and 8):					
Primary -					
Average common shares and equivalents	1,869,689	1,800,046	1,779,608	1,747,096	1,747,096
Income before extraordinary item	\$ 1.89	\$ 0.86	\$ 0.15	\$ (0.01)	\$ 0.15
Net income	\$ 1.90	\$ 0.88	\$ 0.15	\$ 0.04	\$ 0.24
Fully diluted -					
Average common shares and equivalents	1,869,759	1,826,182	1,779,608	1,747,096	1,747,096
Income before extraordinary item	\$ 1.89	\$ 0.85	\$ 0.15	\$ (0.01)	\$ 0.15
Net income	1.90	0.87	0.15	0.04	0.24

See accompanying notes to consolidated financial statements.

METROPOLITAN DEVELOPMENT CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

	Year ended December 31,	
	1977	1976
FUNDS PROVIDED BY:		
Operations:		
Income before extraordinary item	\$3,532,084	\$1,547,980
Add (deduct) items not involving funds:		
Depreciation and amortization	55,086	91,907
Provision (credit) for income taxes - Deferred	(207,917)	(55,750)
Gain on sale of rental property	(346,805)	-
Other items	24,755	(51,294)
Funds provided by operations	\$3,057,203	\$1,532,843
Decrease in receivables	438,876	194,321
Withdrawals and loan repayments from joint ventures	32,566	221,769
Proceeds of unsecured loan	50,000	-
Increase in accounts payable and accrued expenses	-	1,591,213
Increase in income taxes payable	1,017,571	945,705
Proceeds from sale of equipment and rental property	429,004	5,145
Increase in construction loans	-	2,333,734
Proceeds from issuance of stock on exercise of options	105,727	51,041
Decrease in cash	778,772	-
	<u>\$5,909,719</u>	<u>\$6,875,771</u>
FUNDS USED FOR:		
Repayment of notes payable	\$ 848,671	\$ 152,381
Decrease in construction loans	2,170,149	-
Decrease in accounts payable and accrued expenses	322,246	-
Additions to and replacement of plant and equipment	136,686	140,597
Increase in inventory of houses under construction	856,733	2,750,348
Predevelopment costs on land held for development	156,476	370,942
Purchase of land	1,389,096	642,997
Increase in deferred charges and prepaid expenses	21,822	212,358
Decrease in deferred income	7,840	147,189
Increase in cash	-	2,458,959
	<u>\$5,909,719</u>	<u>\$6,875,771</u>

See accompanying notes to consolidated financial statements.

METROPOLITAN DEVELOPMENT CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 1977

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. Consolidation Policy

The consolidated financial statements include the accounts of Metropolitan Development Corporation and its three wholly-owned subsidiaries, Metropolitan-Nevada Corporation, Metropolitan Development Corporation of Arizona and Metropolitan Water Company. All material intercompany transactions have been eliminated.

B. Inventories

Inventory of property under construction is stated at the lower of cost or market. Cost includes land acquisition, predevelopment and construction costs.

The Company has continued to follow its previously stated policy of capitalizing interest and property taxes incurred during construction, which covers the period commencing with physical improvements to the property on a tract by tract basis and ending with sales of houses. It has followed this policy in order to match the income resulting from the sale of houses with the cost of producing the houses.

The amount of interest capitalized under this policy was \$403,883 in 1977 and \$374,600 in 1976. The effect of this policy (as compared with charging interest to expense as incurred) was to decrease net income by \$19,021 for 1977 and increase net income by \$10,451 for 1976.

Land held for development is stated at cost, which is lower than market. Cost includes land acquisition and predevelopment costs. Interest and property taxes related to land held for development are charged to expense as incurred.

C. Depreciation

Depreciation of plant and equipment and rental property is computed by using the straight-line method. The estimated useful lives of the various classes of assets are summarized as follows:

Plant and equipment:	
Water utility plant	36 to 60 years
Office furniture and equipment	4 to 10 years
Automotive equipment	4 to 7 years
Rental property:	
Buildings and improvements	5 to 33-1/3 years

METROPOLITAN DEVELOPMENT CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

December 31, 1977

D. Retirement Plans

The Company maintains a profit-sharing plan covering all non-union employees. Contributions to the plan by the Company are mandatory, with a minimum annual contribution of 10% of operating profits subject to a maximum of 15% of covered payroll.

E. Deferred Income Taxes

Provision is made for future tax liabilities or benefits arising from income or losses that have been fully recognized for financial accounting purposes but have been deferred for income tax purposes. (See Note 5.)

F. Sales

Income from the sale of homes is recognized when all substantive conditions of sales escrows have been met. Income or loss from joint ventures represents the Company's equity in the net income or loss of the joint ventures.

G. Earnings per Share

Earnings per share are computed on the basis of the number of common and common equivalent shares outstanding. In computing primary earnings per share, common equivalent shares attributable to stock options are determined on the basis of the average market price of the Company's shares during the period, whereas, for fully diluted earnings per share, such determination is based upon the higher of the average market price or the market price at the end of the period. (See Note 7.)

Note 2 - CASH AND SHORT-TERM INVESTMENTS:

Cash and short-term investments consisted of the following:

	December 31,	
	1977	1976
Unrestricted:		
Cash on hand and demand deposits	\$ 547,015	\$ 871,026
Time deposits and certificates of deposit	1,488,480	2,562,243
Short-term investments, at cost, which approximates market	1,500,000	900,000
	<u>\$3,535,495</u>	<u>\$4,333,269</u>
Restricted:		
Demand deposits for offsite improvement of tracts under construction	\$ 260,217	\$ 230,390
Certificates of deposit pledged as bonds to public agencies	48,105	58,930
	<u>\$ 308,322</u>	<u>\$ 289,320</u>

METROPOLITAN DEVELOPMENT CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)
December 31, 1977

Note 3 - NOTES PAYABLE SECURED BY LAND HELD FOR DEVELOPMENT:

Notes payable, secured by land held for development, are summarized as follows:

	December 31,	
	1977	1976
Purchase money land loans, 7% to prime plus $1\frac{1}{2}\%$, due in January, 1978, secured by undeveloped acreage and improved lots in Las Vegas	\$1,484,474	\$ -
First trust deed note, 10%, due July 1, 1979, secured by undeveloped Oak Park acreage	5,770,000	6,600,000
Purchase money land loan, 7%, due June 1, 1981, secured by undeveloped Las Vegas acreage	350,000	-
	<u>\$7,604,474</u>	<u>\$6,600,000</u>

Note 4 - NOTES PAYABLE SECURED BY PROPERTY UNDER CONSTRUCTION:

Notes payable, secured by real estate projects, all due within one year, consisted of the following:

	December 31,	
	1977	1976
Construction loans, prime plus $3\frac{1}{2}\%$, secured by property under construction	\$2,882,037	\$4,838,958
Purchase money land loans, 7% to 10%, secured by property under construction	47,651	213,228
	<u>\$2,929,688</u>	<u>\$5,052,186</u>

METROPOLITAN DEVELOPMENT CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

December 31, 1977

Note 5 - INCOME TAXES:

A. Income tax expense includes:

	<u>1977</u>	<u>1976</u>
Taxes currently payable:		
Continuing operations	\$3,700,042	\$1,666,800
Discontinued operations	210,875	14,900
Extraordinary income - Credits from tax benefit carryovers	<u>(22,200)</u>	<u>(43,600)</u>
	<u>\$3,888,717</u>	<u>\$1,638,100</u>
Net taxes deferred or (recognized):		
Continuing operations	\$ (184,542)	\$ (74,700)
Discontinued operations	<u>(56,375)</u>	<u>-</u>
	<u>\$ (240,917)</u>	<u>\$ (74,700)</u>
	<u>\$3,647,800</u>	<u>\$1,563,400</u>

B. The recognition of tax expense previously deferred or recognized, resulting from timing differences between tax and financial accounting, for 1977 and 1976 is as follows:

	<u>Taxes deferred or (recognized)</u>	
	<u>1977</u>	<u>1976</u>
Description of transaction:		
Gain on certain sales reported on the installment method for income tax purposes	\$ (63,900)	\$ (26,100)
Construction period interest and property taxes charged to expense currently for income tax purposes	(76,100)	55,500
Losses and expenses recognized for financial accounting purposes prior to being deducted for tax purposes	(97,617)	(103,500)
Other	<u>(3,300)</u>	<u>(600)</u>
	<u>\$ (240,917)</u>	<u>\$ (74,700)</u>

A reconciliation between the statutory Federal income tax rate and the effective income tax rate is as follows:

	<u>Year ended December 31,</u>	
	<u>1977</u>	<u>1976</u>
Federal income tax rate	48.0%	48.0%
State income taxes (net of Federal income tax benefit)	3.1	3.7
Capital gains taxed at a rate less than 48%	(0.9)	-
Tax benefit carryovers	(0.3)	(1.4)
Other items, net	<u>0.8</u>	<u>(0.7)</u>
Effective income tax rate	<u>50.7%</u>	<u>49.6%</u>

METROPOLITAN DEVELOPMENT CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

December 31, 1977

Note 6 - DISCONTINUED OPERATIONS:

In 1970, the Company instituted a program for the disposition of its rental properties, pursuant to which most of those properties have since been sold. The gains and losses realized from those sales, together with income from the operations of the remaining rental properties, have been classified separately as "Discontinued Operations".

Income from operation of rental properties is summarized as follows:

	<u>1977</u>	<u>1976</u>	<u>1975</u>	<u>1974</u>	<u>1973</u>
Gross rents	\$ 44,187	\$55,871	\$107,537	\$ 170,929	\$ 237,469
Operating expenses	\$ 17,504	\$24,034	\$ 80,019	\$ 118,937	\$ 180,434
General and administrative expenses allocated	<u>2,269</u>	<u>2,820</u>	<u>6,353</u>	<u>15,029</u>	<u>35,260</u>
Total expense	<u>\$ 19,773</u>	<u>\$26,854</u>	<u>\$ 86,372</u>	<u>\$ 133,966</u>	<u>\$ 215,694</u>
Income from rentals before income taxes	\$ 24,414	\$29,017	\$ 21,165	\$ 36,963	\$ 21,775
Income taxes	<u>12,300</u>	<u>14,900</u>	<u>9,600</u>	<u>19,000</u>	<u>10,000</u>
Net income from rental properties	<u><u>\$ 12,114</u></u>	<u><u>\$14,117</u></u>	<u><u>\$ 11,565</u></u>	<u><u>\$ 17,963</u></u>	<u><u>\$ 11,775</u></u>

Gains and losses from sale of rental properties are summarized as follows:

Gross sales	\$487,500	\$ -	\$719,283	\$ -	\$1,395,000
Cost of property sold	<u>140,695</u>	<u>-</u>	<u>510,917</u>	<u>-</u>	<u>855,628</u>
Gain on sales	\$346,805	\$ -	\$208,366	\$ -	\$ 539,372
Loss on guaranteed support operation	(26,000)	-	-	-	(115,000)
Loss on discount of note	<u>-</u>	<u>-</u>	<u>-</u>	<u>(237,238)</u>	<u>-</u>
Gain (loss) before income taxes	\$320,805	\$ -	\$208,366	\$ (237,238)	\$ 424,372
Provision (credit) for income taxes	<u>142,200</u>	<u>-</u>	<u>90,000</u>	<u>(123,000)</u>	<u>148,000</u>
Gain (loss) from sale of rental properties	<u><u>\$178,605</u></u>	<u><u>\$ -</u></u>	<u><u>\$118,366</u></u>	<u><u>\$ (114,238)</u></u>	<u><u>\$ 276,372</u></u>

Note 7 - STOCK OPTION PLAN:

At December 31, 1977, 59,000 shares of the Company's stock were reserved for issuance to key executive personnel under a stock option plan adopted in 1969. The plan provides that the option price be not less than the fair market value at the date of grant. Options are exercisable at various dates specified by a committee of the Board of Directors but may not be exercised more than five years after the date of grant.

METROPOLITAN DEVELOPMENT CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

December 31, 1977

Note 7 - (Continued)

The status of options as at December 31, 1977 and for the years 1976 and 1977, is summarized as follows:

	Number of shares	Option price		Market value	
		Per share	Total	Per share	Total
Shares under option at December 31, 1977	9,000	\$0.56 to \$1.06	\$ 6,798	\$0.56 to \$1.06	(a) \$ 6,798
Options which became exercisable during:					
1976	7,000	\$0.56 to \$1.44	\$ 8,308	\$0.81 to \$2.44	(b) \$ 13,813
1977	None				
Options exercised:					
1976	24,000	\$1.81 to \$2.19	\$ 51,040	\$3.25 to \$3.38	(c) \$ 78,500
1977	91,000	\$0.56 to \$2.19	\$105,727	\$3.50 to \$5.13	(c) \$345,750

(a) Market value at date options were granted.

(b) Market value at date options became exercisable.

(c) Market value at date options were exercised.

The shares under option at December 31, 1977 were granted during the years 1973 to 1975 and became exercisable during the years 1974 to 1976. The number of shares available for future grants was 50,000 at January 1, 1977 and December 31, 1977.

The dilutive effect of outstanding options on fully diluted earnings per share was immaterial for 1977, \$0.04 for 1976 and immaterial for 1975. For 1973 and 1974, outstanding options were antidilutive and were therefore not included in the computation of earnings per share.

Note 8 - CONTINGENT LIABILITIES:

The Company is a defendant in several lawsuits instituted in the ordinary course of business. It is the opinion of the Company, based upon advice of counsel, that the outcome of such pending lawsuits will not have a material adverse effect upon the financial position of the Company.

METROPOLITAN DEVELOPMENT CORPORATION AND SUBSIDIARIES

ADDITIONAL FINANCIAL INFORMATION
FURNISHED PURSUANT TO THE
REQUIREMENTS OF FORM 10-K

December 31, 1977

METROPOLITAN DEVELOPMENT CORPORATION AND SUBSIDIARIES

SCHEDULE V

PROPERTY, PLANT AND EQUIPMENT

Two years ended December 31, 1977

<u>Classification</u>	<u>Balance at beginning of year</u>	<u>Additions at cost</u>	<u>Retirements or sales</u>	<u>Other changes - Describe</u>	<u>Balance at close of year</u>
Year ended December 31, 1976:					
Rental property:					
Land	\$ 38,776	\$ -	\$ -	\$ (5,430) (A)	\$ 33,346
Buildings and improvements	<u>195,131</u>	<u>-</u>	<u>-</u>	<u>(22,840) (A)</u>	<u>172,291</u>
	<u>\$233,907</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (28,270)</u>	<u>\$205,637</u>
Plant and equipment:					
Utility plant	\$526,115	\$111,594	\$ -	\$ -	\$637,709
Office furniture and equipment	51,983	7,668	896	910 (B)	59,665
Automotive equipment	<u>43,060</u>	<u>50,898</u>	<u>16,878</u>	<u>(910) (B)</u>	<u>76,170</u>
	<u>\$621,158</u>	<u>\$170,160</u>	<u>\$ 17,774</u>	<u>\$ -</u>	<u>\$773,544</u>
	<u>\$855,065</u>	<u>\$170,160</u>	<u>\$ 17,774</u>	<u>\$ (28,270)</u>	<u>\$979,181</u>
Year ended December 31, 1977:					
Rental property:					
Land	\$ 33,346	\$ -	\$ 22,809	\$ -	\$ 10,537
Buildings and improvements	<u>172,291</u>	<u>-</u>	<u>172,291</u>	<u>-</u>	<u>-</u>
	<u>\$205,637</u>	<u>\$ -</u>	<u>\$195,100</u>	<u>\$ -</u>	<u>\$ 10,537</u>
Plant and equipment:					
Utility plant	\$637,709	\$ 80,756	\$ 7,482	\$ -	\$710,983
Office furniture and equipment	59,665	18,016	2,310	-	75,371
Automotive equipment	<u>76,170</u>	<u>37,914</u>	<u>4,497</u>	<u>-</u>	<u>109,587</u>
	<u>\$773,544</u>	<u>\$136,686</u>	<u>\$ 14,289</u>	<u>\$ -</u>	<u>\$895,941</u>
	<u>\$979,181</u>	<u>\$136,686</u>	<u>\$209,389</u>	<u>\$ -</u>	<u>\$906,478</u>

Note - Answers to columns omitted are "None".

(A) Reclassified to inventory of completed houses held for sale.

(B) Reclassification.

See accompanying notes to consolidated financial statements.

METROPOLITAN DEVELOPMENT CORPORATION AND SUBSIDIARIES
ACCUMULATED DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT

Two years ended December 31, 1977

	Balance at beginning of year	Additions charged to operations	Retire- ments or sales	Other changes - Describe	Balance at close of year
Year ended December 31, 1976:					
Rental property:	\$ 61,451	\$ 6,491	\$ -	\$(190) (A)	\$ 67,752
Plant and equipment:					
Utility plant	\$ 39,423	\$13,324	\$ -	\$ -	\$ 52,747
Office furniture and equipment	33,843	5,316	271	128 (B)	39,016
Automotive equipment	18,148	11,365	10,676	(128) (B)	18,709
	\$ 91,414	\$30,005	\$10,947	\$ -	\$110,472
	\$152,865	\$36,496	\$10,947	\$(190)	\$178,224
Year ended December 31, 1977:					
Rental property:	\$ 67,752	\$ 4,711	\$72,463	\$ -	\$ -
Plant and equipment:					
Utility plant	\$ 52,747	\$12,784	\$ 7,482	\$ -	\$ 58,049
Office furniture and equipment	39,016	6,198	2,310	-	42,904
Automotive equipment	18,709	17,796	2,142	-	34,363
	\$110,472	\$36,778	\$11,934	\$ -	\$135,316
	\$178,224	\$41,489	\$84,397	\$ -	\$135,316

Note - Answers to columns omitted are "None".

(A) Asset reclassified to inventory of completed houses held for sale.

(B) Reclassification.

See accompanying notes to consolidated financial statements.

METROPOLITAN DEVELOPMENT CORPORATION AND SUBSIDIARIES

SCHEDULE IX

BONDS, MORTGAGES AND SIMILAR DEBT

December 31, 1977

<u>Name of issuer and title of each issue</u>	<u>Amount authorized by indenture</u>	<u>Amount issued and not retired or cancelled</u>	<u>Amount included in previous column which is: Not held by or for account of issuer thereof</u>	<u>Amount included in sum extended under caption "Notes payable secured" in related balance sheet</u>
Secured by land held for development or property under construction:				
Metropolitan Development Corporation: Note secured by deed of trust, interest at 10% per annum, payable monthly, entire principal due on July 1, 1979 (Note 3)	\$ 6,600,000	\$ 5,770,000	\$ 5,770,000	\$ 5,770,000
Notes secured by deeds of trust, interest at prime plus 3-1/2% per annum, payable monthly in part and at maturity in part, principal due in 1978	11,531,760	7,650,464	7,650,464	101,344
Metropolitan - Nevada Corporation: Notes secured by deeds of trust, interest at prime plus 3-1/2% per annum, payable monthly in part and at maturity in part, principal due in 1978	14,283,035	10,478,333	10,478,333	2,780,693
Notes secured by deeds of trust, interest 7% to prime plus 1-1/2% per annum, payable with princi- pal in January, 1978	1,882,125	1,882,125	1,882,125	1,882,125
Metropolitan Development Corporation of Arizona: Note secured by deed of trust, interest at prime plus 4-1/2% per annum, payable monthly in part and at maturity in part, principal due Decem- ber 1, 1979	550,000	-	-	-
Secured by automotive equipment: Metropolitan Development Corporation: Notes payable with interest at annual rates of from 11% to 13.75%, payable in monthly install- ments through June 15, 1978 and July 15, 1979	<u>28,669</u> <u>\$34,875,589</u>	<u>28,669</u> <u>\$25,809,591</u>	<u>28,669</u> <u>\$25,809,591</u>	<u>11,203</u> <u>\$10,545,365</u>

Payments of principal during each of the five years
after 1977, will be:

1978 - \$4,773,283
 1979 - \$5,772,082
 1980 - \$ 0
 1981 - \$ 0
 1982 - \$ 0

Note - Answers to columns omitted are "None".

See accompanying notes to consolidated financial statements.

METROPOLITAN DEVELOPMENT CORPORATION AND SUBSIDIARIES
 SUPPLEMENTARY PROFIT AND LOSS INFORMATION
 Two years ended December 31, 1977

<u>Item</u>	<u>Charged directly to cost of sales or operating expenses</u>	<u>Total</u>
Year ended December 31, 1976:		
Maintenance and repairs	\$ 28,225	\$ 28,225
Depreciation of property and equipment	\$ 36,496	\$ 36,496
Taxes, other than taxes on income:		
Real and personal property	\$142,571	\$142,571
Other	29,545	29,545
	\$172,116	\$172,116
Management and service contract fees	\$ 17,605	\$ 17,605
Rents (A)	\$ 31,329	\$ 31,329
Year ended December 31, 1977:		
Maintenance and repairs	\$ 8,607	\$ 8,607
Depreciation of property and equipment	\$ 41,489	\$ 41,489
Taxes, other than taxes on income:		
Real and personal property	\$149,606	\$149,606
Other	37,572	37,572
	\$187,178	\$187,178
Management and service contract fees	\$ 29,413	\$ 29,413
Rents (A)	\$ 39,869	\$ 39,869

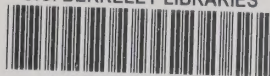
(A) There were no royalties paid in either year.

See accompanying notes to consolidated financial statements.

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